





EUROPEAN NEWS

EEC ENLARGEMENT

Portugal frets under Spain's giant shadow

BY DIANA SMITH IN LISBON

THE EUROPEAN Community's urge to give and take at the same time is brooding a masked but real resentment in Lisbon, as negotiations for Portugal's entry to the EEC move towards their climax.

Officials here blench when they think of what it will take to alter centuries-old methods because the neighbours churn out wine so easily.

The olive oil dilemma, raised by Spain but trickling into the Portuguese negotiations, is as worrying. In a very good year, Portugal exports a little olive oil; in a reasonable year it is self-sufficient; in a bad year it imports.

Production is modest but it still raises eyebrows among north European margarine and edible oil manufacturers. Here, too, Portugal faces proposals for self-limitation that would hurt a key sector.

As if penalisation because of Spanish wines and olive oil were not enough, Portugal faces restrictions on small but high quality tomato paste exports to the EEC.

Another reasonable export item, tinned sardines, are under fire not because of nervous EEC producers but because Morocco, a third country enjoying preferential Mediterranean agreements, worries about competition.

The EEC wants Portugal to sit tight for 10 years while tariffs on its sardines decrease inch by inch. The Portuguese smart at this stricture. They fail to see why their future EEC members should be put at a disadvantage compared with a non-member.

Greece may top target for growth

By Andriana Ierodiakonou in Athens

THE GREEK Economy and Finance Minister, Mr Gerasimos Arsenis, said yesterday that economic growth will significantly exceed the Government's target for this year.

He was speaking at a time of intense speculation about an early general election this autumn.

Mr Arsenis also expressed optimism that the annual inflation rate will be reduced to 18 per cent this year, compared to approximately 20 per cent in 1983.

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Pay indexation dispute erupts again in Italy

BY JAMES BUXTON IN ROME

THE SPECTACLE of 40m Italians voting at some time in the near future on the question of whether workers should receive the equivalent of about £11.60 a month in their pay packets is beginning to haunt politics and labour relations here.

It marks the return to the headlines after a welcome break of the scala mobile wage indexation system. The opposition Communist Party has already collected a million signatures to a petition calling for a referendum to overthrow the legislation which curbs the protection given by the scala mobile.

The Communist Party's decision to press ahead with the referendum petition has infuriated employers and caused renewed disarray in the union movement, not least within the CGIL union which has a Communist majority.

On Monday, a leading member of Confindustria, the employers' organisation, said that the only response to the uncertainty caused by the Communist action would be for employers to cease altogether paying wage increases under the scala mobile when the current agreement expires next summer.

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Madrid's bid for labour peace hits snags

BY DAVID WHITE IN MADRID



NEGOTIATING DELAYS are beginning to jeopardise prospects in Spain for agreement in two sets of talks considered vital for the Socialist Government's hopes of achieving labour peace.

A setback in the Government's time table for drawing up a two-year consensus with unions and employers has coincided with fresh obstacles in negotiations on the future of Spain's overmanned shipyards.

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plete negotiations by mid-October or early November, assuming the Community is willing and able to handle a cluster of tricky items deliberately left for the final weeks so that steady progress could be made over easier dossiers.

They are not as great as the difficulties raised in industry, agriculture and fishing by the entry of Spain, seen here as a large, aggressively-competitive and protectionist economy.

The Portuguese grit their teeth when EEC manufacturers or politicians confuse them with Spain. They remind those who mix them up with their richer neighbours that it is Spain's high productivity not Portugal's small output of wine or olive oil that could make another EEC surplus lake.

And Portugal's under-equipped fishing fleet poses no threat to Community coastal waters — indeed it wants Community protection from over-exuberant Spanish fishing.

Because of Spain's wine and edible oils, and the difficulties of EEC leaders in soothing their producers' fears, Portugal is waiting for clear Community positions on these items. Portuguese wines are mostly for home consumption, produced on a small scale with three exceptions: port, rosé and vinho verde (young white wine).

Such objections are tiny compared with the high national blood pressure caused by fears that Portugal may be asked to grant generous fishing concessions to Spain.

The proposal has not been made openly but smoke signals make the Portuguese feel this is the latent urge. Spain exploited Portugal's exclusive fishing zone after 1988 concessions by the former dictator Marcelo Caetano. Until agreements were suspended by Portugal in late 1982, Spanish fleets hauled in huge catches, leaving slim pickings for Portuguese boats.

No Portuguese politician would contemplate a deal with the EEC giving Spain privileges in national waters.

Meanwhile, Portugal resents the idea that free circulation of its workers be limited in most EEC countries for seven years after accession, and for 10 years in Luxembourg. The Portuguese find this unacceptable, especially Luxembourg's demand, emanating from the fact that 11 per cent of the population of that country consists of Portuguese emigrants.

They might soften if the EEC gave Portuguese migrants living in the EEC access to family allowances, or increased social fund contributions for job-training or similar Portuguese projects from 55 per cent to 75 per cent of their cost.

Bumper grain harvest expected in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

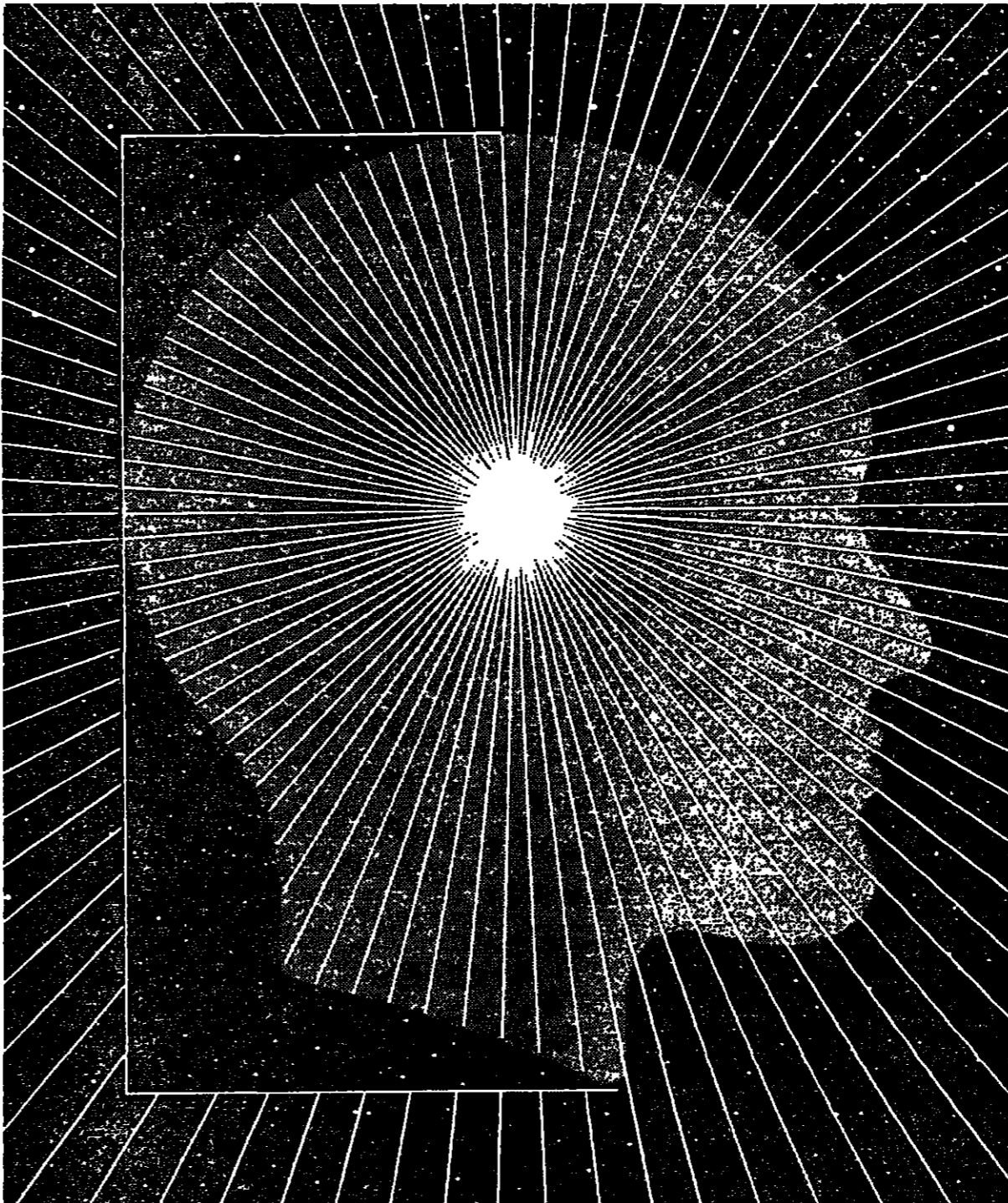
POLAND'S GRAIN harvest, if it meets the 24m tonnes preliminary estimate, will be one of the best since the Second World War.

The result will bolster farming policy which is trying to extend even-handed treatment to both the large private sector and state farming, which controls only 20 per cent of the land.

Hardliners continue to argue for an expansion of the state sector and the Polish leadership recently sought support for its policies by quoting Soviet academic opinions in the Press.

It is illogical to see the reasons for the last Polish crisis in the structure of the countryside based on small private ownership," said the Soviet journal.

"It is illogical to see the reasons for the last Polish crisis in the structure of the countryside based on small private ownership," said the Soviet journal. As is well known, full collectivisation in Czechoslovakia failed to prevent the crisis there in 1968.



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kilometre pipeline across Australia's western deserts. We know first-hand what it takes to bring challenging energy projects on-stream. This experience means we're able to come to grips with your needs and to see potential where others may not.

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# And may the best airline win.



The Civil Aviation Authority airline proposals recommend handing over 30 major routes that British Airways currently operate to other British airlines on a plate.

This would simply substitute another airline for British Airways on a route, and would give no additional choice at all to the British fare paying passenger.

It does nothing to stimulate a better service since there's no extra competition.

And it will greatly damage our airline industry as a whole, and benefit major foreign airlines. First, because the foreigners will no longer have to compete with the strongest national carrier.

And second, because there's no guarantee that passengers who would normally choose British Airways would be happy to switch to other British airlines.

Particularly in overseas markets where they might well be unknown.

Wouldn't a more sensible way of maintaining Britain's share in this fiercely competitive market be to allow other British airlines to fly *in competition* with us on the routes they choose?

Not *instead* of us.

Indeed, with a bit of healthy competition we should build on Britain's share between us.

Let's put it to the test, and may the best airline win.

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## WHO CAN MATCH THE CHALLENGE?

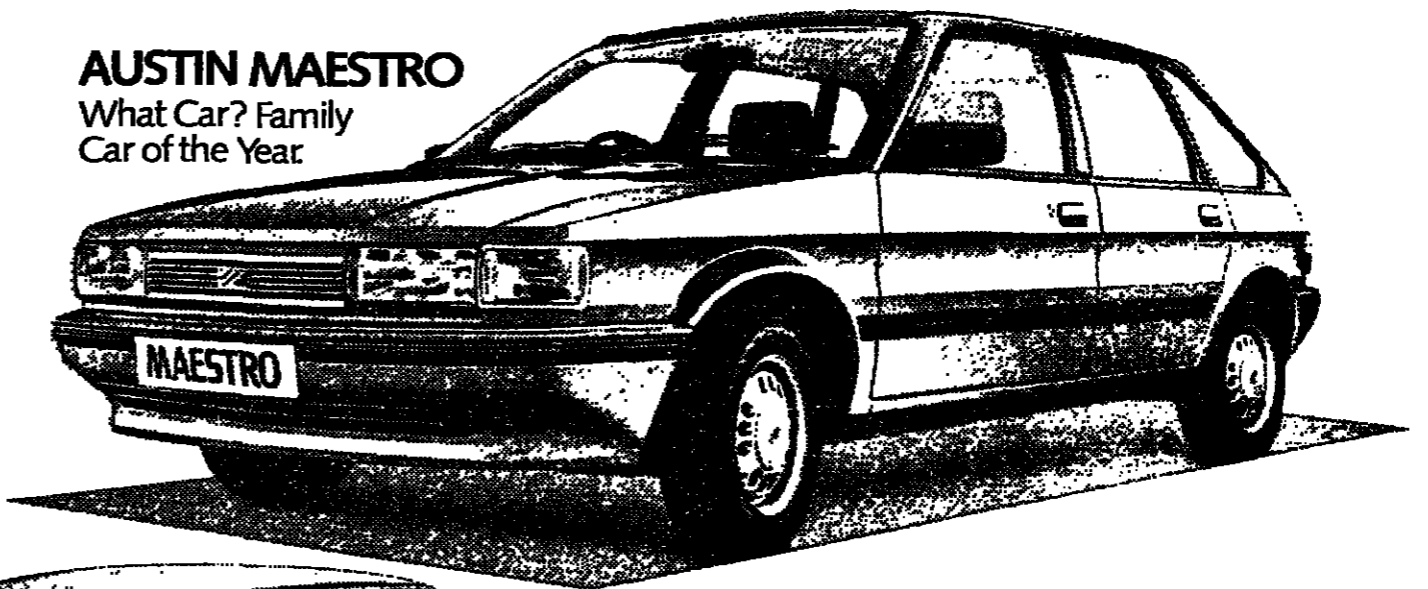
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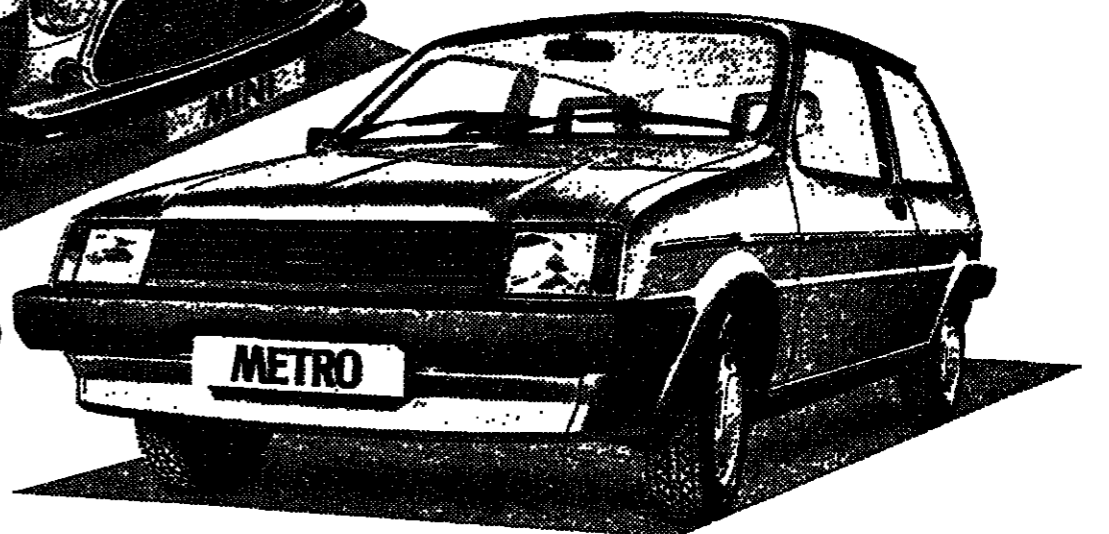
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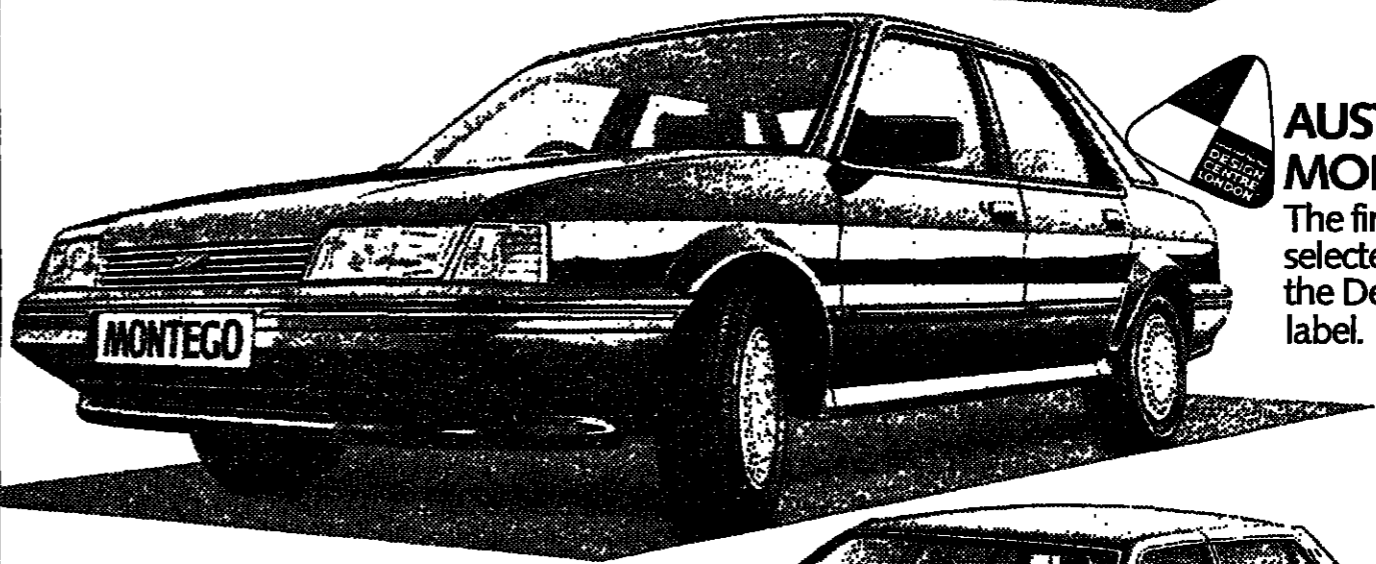
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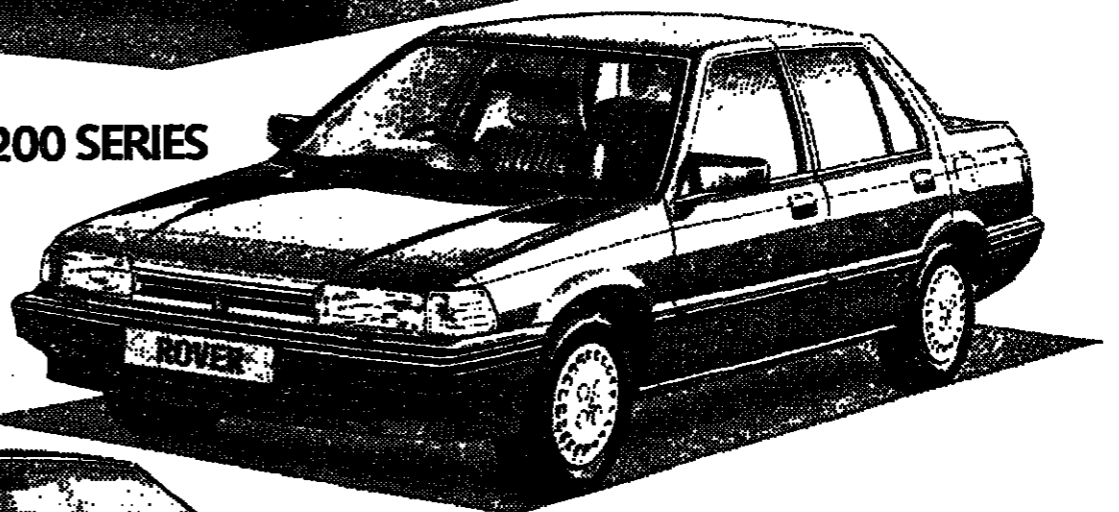
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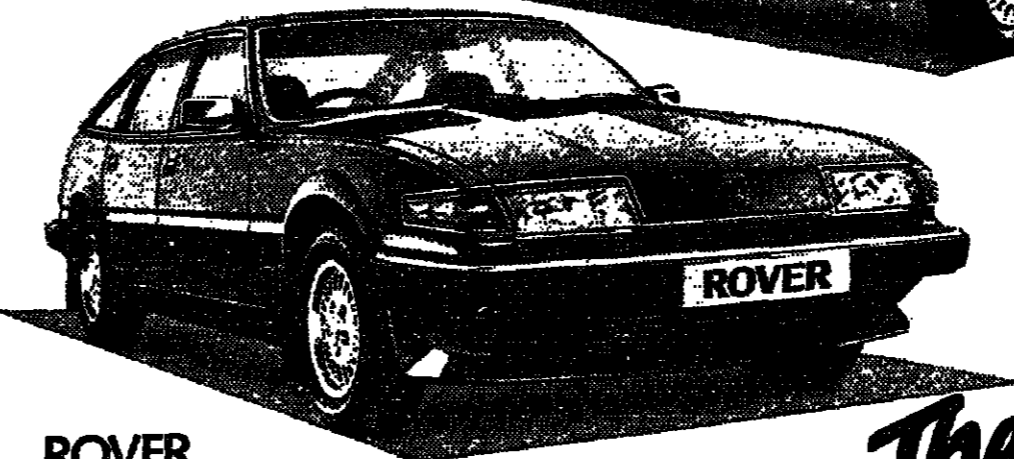
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right now*  
FROM AUSTIN ROVER

AMERICAN NEWS

Bickering has marked Pinochet's 11th year in power, Mary Helen Spooner reports
Junta divisions renew opposition hopes

AFTER THE MASSIVE anti-Government protest in Chile last week General Augusto Pinochet's regime is once again locked in confrontation with its opponents. But this time they show little inclination to take seriously any gesture towards dialogue.

Opposition's insistence on General Pinochet's removal from office Democratic Alliance leaders say the talks fell through when it became evident that Sr Jara had real little support from the military. Sr Gabriel Valdes, an Alliance leader and President of Chile's Christian Democrats, recalled that although the Interior Minister repeatedly emphasised the backing he enjoyed from the junta for this liberalisation effort, "Pinochet took over and Jara became only a link in his chain."



Pinochet . . . at odds with junta members

greater independence. Behind the scenes, however, lies a more compelling reason for the reluctance to allow elections: Chile's four-man junta, which operates as a legislative body, does not want to lose its powers. Admiral Jose Mreino, the Navy Commander, remarked that Gen Pinochet, and the other junta members "had come in together and will leave together."

Contadora countries in fresh peace bid
A REVISED draft peace treaty for Central America has this week been sent to the heads of state of five countries in the region by members of the Contadora Group.

Slower capital spending growth forecast in U.S.

By Stewart Fleming in Washington
EARLY SIGNS that the rapid growth of capital spending in the U.S. may be levelling off came yesterday when the Commerce Department revised downward its forecast for business plant and equipment spending this year.

Pentagon bans Texas Instrument microchips

BY LOUISE KEHOE IN SAN FRANCISCO
THE U.S. Defence Department has halted acceptance of military equipment from 80 major defence contractors whose products may contain faulty microchips supplied by Texas Instruments, according to the Defence Logistics Agency (DLA), the purchasing branch of the Pentagon.

Some 4,700 different types of microchips supplied by Texas Instruments to military contractors are now suspected of being faulty because of testing irregularities, according to the Defence Logistics Agency (DLA), the purchasing branch of the Pentagon.

discovered by IBM which tested some 546 chips at its plant in Oswego, New York. A later review by Texas Instruments officials "revealed a more extensive problem which affected all of their 80 plus customers," according to the DLA.

with the Defence Department and other customers to clarify this issue. The Pentagon order follows a widespread investigation of under-testing of military grade semiconductor products throughout the industry.

Opinion poll shows Mondale trailing by 22 points

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON
MR WALTER MONDALE yesterday set out for the Midwest hoping to demonstrate that people's daily lives are affected by large federal budget deficits and explain his own formula for coping with the problem.

The U.S. Today poll gave Mr Reagan a 22 percentage point lead, 57 to 35 per cent, compared with 18 points just before last month's Republican convention in Dallas.

The poll nevertheless showed a continuing "gender gap," in which Mr Reagan is supported much more strongly by men than by women. The Reagan-Bush ticket drew 64 per cent support from the men surveyed, against 50 per cent from the women.

—as "nothing new." He said it was really simply a plan for tax increases. Vice President George Bush called the Mondale plan "a programme for failure."

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JAPAN AIR LINES The longer the flight, the more the details matter.



WORLD TRADE NEWS

Bae wins order for £40m cargo examination system

BY OUR WORLD TRADE STAFF

BRITISH AEROSPACE has received an export contract worth more than £40m for the supply and installation of two cargo examination systems. This is believed to be the first order for such a system. The contract for the two systems includes the design and construction of purpose-built 1,000 square metre buildings, the provision of all necessary equipment and the operation and maintenance of both systems for a period by British Aerospace personnel. BAE declined to say who the purchaser was. It is understood that primary interest in such systems has come from freight shipping interests in the Middle and Far East. Containers or complete vehicles can be examined for contraband by two principal methods—gas spectrographic analysis and X-rays. Use of the gas spectrographic analysis "sniffer" system will determine whether the molecules of prohibited substances, such as explosives, drugs and alcohol are present in the air adjacent to the cargo. If so, the container or vehicle will be sent for manual examination. If the cargo passes the "sniffer" test, the container or vehicle will be passed on an automatic conveyor into the building for X-ray analysis. This is carried out using two linear accelerators. X-rays are passed through the vehicle and its cargo container and are focused onto a special screen viewed by closed-circuit television. Using this technique, full scale tests have proved that undischarged hand guns and rifles can be seen clearly on the closed-circuit television screen. The prime advantage of the system is that, for the first time, it will be possible to examine cargo containers without manually unloading and unpacking individual items. This will mean a large reduction in cargo handling, increased throughput and less risk of damage to cargo. As a consequence, this should ensure a reduction in the costs and claims associated with current methods of cargo examination. It will also mean that customs authorities will have a greater confidence that smuggling will be curbed. It is also considered that the installation will have a deterrent effect on prospective smugglers. The two systems are due for completion in early 1985 and will be operated for a period by a British Aerospace team. Major sub-contractors include Taylor Woodrow, Rolls-Royce, Radiation Dynamics and Scier.

Yugoslavia signs up New York car importer

By Aleksandar Lebl in Belgrade

THE LARGEST Yugoslav car manufacturer, Crvena Zastava, and International Car Importers (ICI) of New York have signed a contract on export of Yugoslav compact cars for the U.S. market. The deal is valued at \$100m (£78m). The deal is contingent on the launch by next April of a modified Yugo 55 model with some 100 improvements suggested by ICI to satisfy strict U.S. regulations. Some 20,000 units could be exported in 1985, and it is hoped that the market could absorb some 35,000 units by 1986. In addition, spare parts and servicing tools would also be exported. ICI has already chosen some 90 dealers in the eastern U.S. who would sell and service Yugo 55 cars. Yugo 55 has been exported to the UK and other Western countries in recent years. Hellenic Aerospace (HAI), the Greek state aerospace company, has been appointed a maintenance and repair centre for Bell Helicopters of the U.S. for the Middle East and North Africa. Adriana Ierodionnou writes from Athens. HAI officials said the firm has secured its first Bell repair and maintenance contract for the repair of seven helicopters owned by the Saudi Arabian firms of Madallah and Napier.

Stewart Fleming looks at a delicate protectionist issue facing President Reagan U.S. steelmakers' plight wins little sympathy

CONGRESSMEN representing regions of the U.S. in which the steel industry has a powerful voice were yesterday making their last efforts to persuade President Ronald Reagan to take drastic action to curb further the flow of foreign steel into the country. The President is bound by law to decide by September 24 whether to implement restraints on imports proposed by the International Trade Commission (ITC). But the conviction is spreading in Washington that not only will Mr Reagan offer the steel companies and the United Steel Workers trade union far less than the 15 per cent limit on imports' share of the domestic market. He will probably not even endorse the mixture of quotas and tariffs on five key products which the ITC has recommended. After looking at the background to the case, influential sections of the Administration including the Treasury, the State Department, the Agriculture Department and the National Security Council are reportedly showing little sympathy for "big steel's" plight even though imports in recent months have been capturing around 25 per cent of the domestic market and driving down prices in important steel product lines. That so many top officials including the President and Secretary of State George Schultz are actively involved in the steel decision is one sign of just how important the issues are perceived to be. In July, capping a year's campaign for protection by the steel industry, Bethlehem Steel won a narrow three to two ruling at the ITC that new tariffs and quotas should be imposed on products amounting to around 70 per cent of steel imports. The ruling, under Section 201 of the trade laws, required Bethlehem to demonstrate that it had been seriously injured by imports and not that the imports themselves were being unfairly dumped or subsidised. Under Section 201, the President, however, has full discretion whether to take action to implement the ITC recommendation. Last week, in a Section 201 case brought by the copper mining industry, he completely ignored a five to zero ITC ruling that the industry should be given increased protection and did nothing for the copper companies. Economists in the U.S. are increasingly sensitive to the fact that whereas when tariffs are imposed on imports at least the Treasury reaps the benefit, the quotas simply result in the consumer bearing the burden of higher prices, the profits from which are divided between the industry at home and the foreign supplier. On the surface the most compelling reason to help steel, and the one which encouraged Bethlehem to file the case, is that the Presidential election is in November. Steel industry officials are quick to point out that in the heavily populated Midwestern states where most of their plants are located some 225 of the minimum 270 electoral college votes needed to elect the President are up for grabs. In addition, congressional elections take place in November as well. But the political argument cuts both ways. Influential agriculture and consumer interests in these same states—the former fearing retaliation against U.S. farm exports the latter concerned about the post-restraint rise in steel prices—have been lobbying hard against protection. Their views have been falling on fertile ground. The steel industry's image in Washington is poor. Despite almost continuous import protection since 1969, steelmakers remain in a parlous state while paying higher wages than other manufacturers. A strengthening anti-steel lobby is urging President Reagan to resist the political temptation to provide even more protection. The big integrated steel companies have fiercely attacked the CBO study. But it has reinforced the doubts about protection being the solution to the problem. It is pointed out for example that imports from the EEC, Japan, Canada, Mexico and South Africa, which constitute two-thirds of all U.S. steel imports, are covered by some form of quotas or voluntary restraint agreements. Dumping duties have been imposed on imports from other countries. The issue is how to tackle the problem posed by Third World steel suppliers such as South Korea or Brazil. Over the past four years imports from suppliers other than the EEC, Canada and Japan have doubled to 6.5m tons out of a total of 17m tons imported in 1983. Any more protection could jeopardise the tortuously negotiated agreements to limit steel imports from developed countries. The U.S. is expected to face either claims for compensation under Gatt or retaliation or both if it takes vigorous action. With the election so near the betting is that the President will find some way of offering the steel industry something, but it will be the minimum he can get away with. Officials are looking at ways to extend the framework of informal restraint relationships to the Third World suppliers. The wage study by the Congressional Budget Office also showed "mini" steel mills which enjoy lower labour costs, more advanced technology and better productivity, have been able to boost their market share from around 3 per cent in the early 1960s to around 20 per cent now. The wage study by the Congressional Budget Office also showed "mini" steel mills which enjoy lower labour costs, more advanced technology and better productivity, have been able to boost their market share from around 3 per cent in the early 1960s to around 20 per cent now.

Soviet Union to speed up arms shipments to India

By K. K. SHARMA in NEW DELHI

THE SOVIET UNION has agreed to expedite supplies of fighter aircraft, missiles and electronic warfare equipment on which agreements were signed with India earlier this year. These include the sophisticated Mig-27 assembly lines for which have been established by Hindustan aeronautics in Bangalore. The speed up follows talks in Moscow between senior Soviet and Indian officials last week. An Indian team led by Mr S. K. Bhatnagar, Defence Secretary, has just returned to New Delhi. Defence Ministry officials say the talks have given Indo-Soviet defence co-operation a "new dimension" with the agreement to hasten arms supplies in line with the Indian assessment of the security situation in South Asia. An important agreement reached in for initial assembly of the advanced technology MIG-27 which has just been test flown in the Soviet Union. It will supplement the MIG-27 in due course. The Soviet Union has already supplied three AN-32 medium capacity transport aircraft to the Indian Air Force. It will now supply two AN-32 aircraft every month to enable India to rapidly build up five squadrons. Early supplies of the giant tactical transport aircraft IL-76 will also be made. India proposes to install a Western navigation system in the AN-32s. The aircraft testing establishment at Bangalore has already evaluated the Omega type of navigation system and recommended it for use in the AN-32s. The system is made by a number of U.S. and European companies.

Turbines from Japan 'dumped in Canada'

OTTAWA—The Canadian hydraulic turbine manufacturers have been materially hurt by dumping of hydraulic turbines on the Canadian market by Hitachi of Japan. Canada's anti-dumping tribunal has ruled. The ruling is expected to result in a multi-million dollar claim for anti-dumping duties against Saskatchewan Power Corporation which has been importing Hitachi turbines and parts for the hydroelectric project in Saskatchewan. The investigation was prompted by a complaint from Resolute Engineering Works, a unit of Canadian General Electric, and Marine Industries, 65 per cent-owned by the Quebec Government and 35 per cent by Alchem-Atlantique of France. The complaint was made after Hitachi in 1982 won the contract from Saskatchewan Power to supply three 84 megawatt turbines for the hydroelectric project at Nipawin in north-west Saskatchewan. AP-DJ

Brazil outlines plans for naval re-equipment

By Andrew Whitley in Rio de Janeiro

BRAZIL plans to press ahead with re-equipping its ageing naval fleet, the largest in the Americas after the U.S. A 25,000 tonne carrier is to be designed and built in Brazil heads the list of new equipment. Admiral Alfredo Karam, the Brazilian Navy Minister, yesterday told the Jornal do Brasil, a leading daily, that Brazil was also going ahead with the long planned purchase of two, 1,400 tonne, submarines from West Germany. One will be built by Howaldtswerke in Kiel, and the second in Rio de Janeiro. The \$200m (£157m) submarine deal has hung in the balance for the past 18 months, because of the country's financial crisis. At one stage a semi-barter deal, involving iron ore shipments to West Germany, was under consideration to help finance the purchase. The Navy Minister also cleaned up another long standing uncertainty over the type of missiles Brazil is to use on its fleet of corvettes under construction. Competition for the order between France, Italy and Israel had been fierce. He said Brazil has already purchased a small number of French Exocet sea-to-sea missiles for the first two corvettes. The choice of the Exocet over Israel's Gabriel missile, and the simultaneous announcement by the Navy Minister that Brazil has dropped negotiations with Israel for the purchase of a squadron of second-hand Skyhawk fighters to be used on its existing aircraft carrier, is a setback for Israel's efforts to break into the important Brazilian weapons market.

Hitachi wins Danish rig order

HITACHI Zosen, the Japanese shipbuilding and engineering group, has won a contract to supply two jack-up oil rigs to A.P. Moller of Denmark. The contract is worth approximately \$109m. Robert Cottrell writes from Tokyo. Hitachi Zosen (which is not related to the Hitachi electronics group) says that the rigs are designed for operating in North Sea waters.

Japanese consortium to build Malay cement plant

BY WONG SULONG IN KUALA LUMPUR

TWO JAPANESE companies, Kobe Steel and Marubeni Corporation, have won a US\$70m (£56m) contract to build a cement plant in the northern Malaysian state of Perlis. The companies beat out four French, West German and Danish bids for the 600,000 tonne-a-year plant ordered by Cement Industries of Malaysia (Cima). The price, which works out to be around \$115 per clinker tonne is believed to be one of the cheapest bids for a cement factory. Construction will start shortly. The company is 53.3 per cent owned by the Perlis state government, and another 13.3 per cent is held by Elders Pica, the Asian investment arm of Elders LXL of Australia. Cima said its expansion project would be financed by Japanese export credit facilities, local loans and its own internal resources, while the Malaysian government would guarantee 58.8 per cent of the total debt financing.



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## TECHNOLOGY

EDITED BY ALAN GANE

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## SAFETY IN NUCLEAR POWER STATIONS

## Valves speed shut down

BY DAVID FISHLOCK, SCIENCE EDITOR

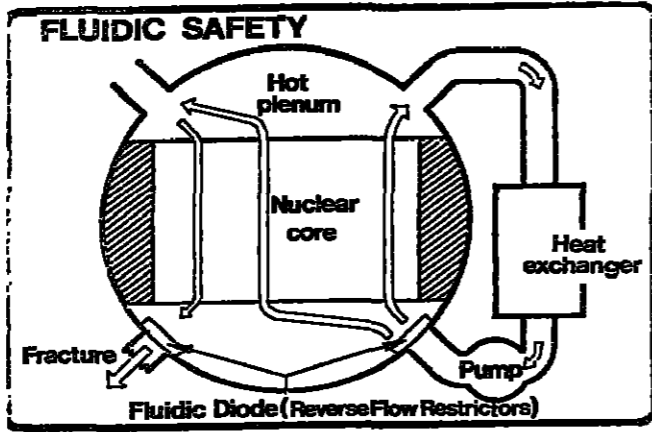
LARGE fluidic control devices have been fitted as safety measures to the carbon dioxide gas coolant circuits of the four new advanced gas-cooled reactors (AGRs) being commissioned at Heysham and Hartlepool. The devices used are fluidic diodes, which behave like fast-acting valves in automatically restricting the outflow of gas coolant from the reactor in the event of a broken pipe.

They are activated by the flow of gas itself. By instantly restricting gas flow, the diode slows the rate at which hotter gas would be drawn back into the core from the hot plenum (the space above the core filled with hot pressurised gas), which could risk over-heating the nuclear fuel in the core.

This application is the first for power fluids to a high pressure difference—in this case a fall from about 400 lbs per sq in to zero. It reduces the outflow of gas between 10 to 20 times. Fluidic diodes are fitted not to the main gas ducts but in bypass circuits comprising 5-in diameter pipes. Eight such ducts per reactor have been fitted with a fluidic diode by the designers, the National Nuclear Corporation.

Power fluids, pioneered by the British nuclear industry, is now finding applications more widely in industrial processes. Mr Clifford Etherington, research manager of the Springfield laboratories of the UK Atomic Energy Authority, writing in the current issue of *Nuclear Energy*, journal of the British Nuclear Energy Society, defines power fluids as "the art of moving and controlling large-scale flows of process fluids using no-moving-part valves, controllers and pumps."

Fluidics techniques were invented in a U.S. government laboratory, as a rival to miniaturised electronics where



How the diode works

heat, radiation or vibration might damage semiconductors. Advances in micro-chip technology have largely eclipsed the earlier ideas, except for aero engine control systems, Mr Etherington says.

But UKAEA researchers at Risley, working with Sheffield and Cardiff universities, have developed the technology to replace conventional mechanical components in controlling large fluid flows. Successful initial demonstrations, notably in new reprocessing plant at Sellafield and Dounreay, have encouraged increasing R and D investment, including test rigs for full scale components.

Mr Etherington concludes that the inherent reliability of power fluidic devices makes them attractive for nuclear uses, especially in reprocessing plant for treating spent nuclear fuel. The technology can handle "difficult" liquor such as radio active acids over a wide range of flows and heads.

Here, the fluidic pump offers a viable alternative to

other no-moving-part pumps such as the steam injector," he says. Although it is not an efficient user of energy, the fluidic pump can still show overall savings in most steam injector applications. Moreover, its facility with sludges and solids in suspension could open wider applications, he says.

The fluidic pump requires a compressed air or gas supply to actuate it, by way of a charge vessel or air piston. The concept is used on the new reprocessing plant for fast reactor fuel at Dounreay, and for the transfers of highly radioactive reprocessing effluent for storage at the Sellafield factory of British Nuclear Fuels.

Another family of devices is the vortex valves which "because of the lack of moving parts with their inherent mechanical inertia, have fast response times without shock and are very reliable in radioactive ventilation systems," Mr Etherington says.

## Radio

## Emergency services on the move

EMERGENCY SERVICES in England and Wales are to get a new mobile radio network of transmitters/receivers. The Home Office Directorate of Telecommunications is to spend about £6m initially on the system but further finance will be needed.

Burnt Electronics, part of the FKI Electricals group, is to supply equipment to fire and police services. The investment is due mainly to the fact that services will have to move to another frequency band by 1990. The move will take place over a four year period.

The Home Office took the opportunity to buy mobile radio equipment using the latest synthesised technology. Deliveries of the equipment begin in 1985.

## Design

## Drafting systems

Small and medium-sized companies will now be able to run a two dimensional drafting system on the Norsk Data ND-100 family of 16 bit microcomputers. This follows an agreement with GGL, a Shropshire-based software company, to market that company's Designer 1 program.

Typical applications include architectural site plans and building layouts, mechanical and engineering draughting, electrical and circuit designs and schematics. More details from the company in Newbury, Berkshire on 0635 35544.

## BACK PAIN CURE FINALLY ON THE MARKET

## Delayed drug is approved

BY CARLA RAPOPORT

FIVE YEARS after it received approval from Britain's Committee on Safety of Medicines, Travonol Laboratories has just begun to market a product which has successfully freed hundreds of British patients from chronic back pain.

Back pain sufferers are counted as 6m in Britain alone. Some 31m working days are lost a year through the complaint.

Travonol's reasons for the delay, however, shed some light on the problems of developing a wonder drug that can become a horror drug in the wrong hands.

The product, called Discase, does sound too good to be true. Isolated from the papaya fruit, Discase is a purified enzyme which, when injected into the centre of an inflamed spinal disc, can shrink the inflammation and alleviate the painful pressure on adjacent nerve roots almost immediately.

The problem with Discase is, in fact, its own simplicity of action. Introduced into the American market over 15 years ago, doctors and patients swiftly embraced it as an attractive alternative to expensive and risky back surgery. Eager doctors, however, began using it without learning how to inject it or how to determine which patients could and should be receiving it.

"We got into trouble," says Dr John McCulloch, a spinal surgeon with Northeast Ohio University's College of Medicine who has worked with Discase since 1969. "We like to do everything bigger and better in America. We had thousands of patients treated with the product within a year or two of its introduction," he said. The misunderstanding of the product, and how to use it, he says, led to nine deaths and 30 cases of paraplegic paralysis.

"Don't look at this drug as a wonder treatment, look at it as a wrinkle in the treatment of back pain," urges Dr McCulloch.

Travonol, a subsidiary of Baxter-Travonol, the U.S. medical product group with sales of \$1.8bn last year, has recently set up a separate group, Omnis Surgical, to handle the delicate job of selling Discase in Europe. "We have to be very careful that only the right

doctors get the product," says Mr John Nicholls, marketing manager for Travonol Laboratories.

Part of this effort will include an educational programme aimed at doctors, with assistance from Dr Michael Sullivan, consultant at the Royal National Orthopaedic Hospital in London. In Dr Sullivan's experience, in successfully treating 400 patients with the product, the only adverse reaction he recorded was some incidence of slight inflammation.

The chemical name for Discase is chymopapain, better known to consumers as meat tenderiser. First identified in 1941, it was tested on animals and subsequently tried on humans in 1963 to alleviate back pain. After a controversial history of approvals and withdrawals, the drug was finally given full approval by the Food and Drug Administration.

Dr McCulloch says that suitable candidates for Discase should have three or more of the following symptoms: leg pain equal to the severity of the back pain; symptoms which incriminate a single nerve root as giving the pain; difficulty in raising straight leg; a CAT scan confirming disc herniation; and either muscle wasting or motor wasting. The reason for narrowing the field of potential candidates, he says, is to reduce the chances of unwanted side-effects or adverse reactions.

"Why should meat tenderiser you can buy in a grocery store injected in a disc make a patient feel better?" he asks. "But it is a fact, this dumb proposition will make a lot of people better. In spite of the drawbacks of the product, it is much less risky than surgery." And at £175 per treatment, it is also cheaper.

tion for use in humans in 1982. The product is administered by an injection into the lumbar vertebral disc, a pad between the vertebrae which acts as a shock absorber. Travonol stresses that accurate injection is paramount. Its Discovis system for administering the product relies on a series of X-rays to help pinpoint the location for the needle and computer monitoring of patient responses to the treatment.

The effect of Discase is to soften and shrink the disc, thus relieving pressure on the nerve creating pain. The company says that treatment can permanently relieve pain without affecting disc function. It can also be administered under local anaesthetic. However, Omnis Surgical stresses that not all sciatica and lumbar pain sufferers are suitable for the treatment.

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## Manufacturing

## Sandvik benefits in integration

SANDVIK / Corcon, the Swedish-based multinational group is spending £1.3m in the UK on a computer integrated manufacture system for its cement carbide tipped tools and special tools. The project known as Corcon has received support from the Department of Trade and Industry and will be used as a demonstration site by the DTI for the whole of British industry.

The company is installing the system at its productivity centre at Halesowen in the West Midlands. It will be based on Prime computers which will be integrated into the rest of Sandvik's computer system which has IBM computers for production and inventory control.

The Prime computer will hold a common information store known as a database for several functions including design, production control, process planning and manufacture. The various programmes which allow this to take place can access the same common data.

A major part of the system is computer process planning. The production engineer can develop process plans, set manufacturing targets and then monitor the results. To help this process, the system includes mechanical drafting, design and three-dimensional solid modelling.

Eventually Sandvik hopes to link directly to the Corcon computers machine tools at other manufacturing sites such as its factories at Wolverhampton and in Kent. These would then be under direct numerical control.

## Computers

## Automating surgeries

DOCTORS' surgeries are places where the computer has yet to make an impact. Acorn with a system costing £1,999 is helping to make an impact in this sector where only 5 per cent of the 8,000 practices in the UK have microcomputers.

The Acorn machine will deal with repeat prescriptions and patient records. Under development are programmes for drug usage statistics, an age/sex register for automatic recall of patients due for immunisations or cervical smears, for example.

For the price comes a BBC microcomputer with two drives, monitor, spark-jet printer and a word processor. The system is available through Vector Marketing in Wellingborough, Northants.

## GIANT DISPLAYS

## EEV sees Starvision

EEV has built a 27 ft by 20 ft prototype of a large television display which it is showing to prospective customers. The company has spent £1m on the development of the screen which it hopes to sell to race-tracks, football and sports stadia.

It is trying to break into a market dominated by the Japanese such as Mitsubishi. Mr Ralph Nixon who is in charge of the Starvision project said that the resolution of the 20 tonne screen is twice as good as its Japanese competitors and consumes only one-quarter of the power.

EEV has developed miniature versions of cathode ray tubes which are found as the display in every domestic television set. Workers at the company have put eight phosphor dots which glow either red, green or blue into a glass envelope through which most of the air has been removed. When activated the phosphors glow with an intensity dependent on the amount of electric voltage applied.

Each phosphor is activated 50 or 60 times a second depending on the country. There are 256 on the television standard of brightness levels.

The tubes are packed into modules of eight tubes side by side. About 10,000 of these tubes have gone into the Starvision screen. Competitive designs have either single phosphor tubes or simple lamps.

It uses a conventional television signal which is coded into digital form. This is stored in an electronic memory which controls the switching of the phosphor dots.

If successful, EEV estimates that more than 100 jobs will be provided at the company's factory in Chelmsford, Essex. This is where the mobile screen is under demonstration. It hopes to sell about three giant displays each year. The market for such items is limited, however. Throughout the world there are little more than 30 screens, many of them in the U.S.

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UK NEWS

Bedrock issues in the pit dispute

It is not known in detail what the leaders of the National Coal Board have been saying to the National union of miners' leaders at their meeting in Edinburgh to try to settle the coal dispute.

John Lloyd, Industrial Editor, outlines the policy documents, going back to the 1974 Plan for Coal, which are at the centre of this week's talks to try to settle the miners' strike.



Mr Ian MacGregor: bases his stand on the report by the Monopolies and Mergers Commission.

workers, as for the nation as a whole and all other workers in the industry, real rewards can advance to the extent that they reflect higher efficiency and higher output per man.

Nowhere in the text, however, is any impression given that pits should be closed on other than grounds of exhaustion or geological difficulty. It does envisage the loss of 3m to 4m tonnes of capacity a year (at the same time as more than 4m tonnes would be added to capacity), but said these would be lost "mainly through exhaustion of mines and possibly also through exceptional mining difficulties."

The committee's final report (3), produced later in 1974, endorsed the output targets but was much more precise.

Crucially for the present discussions, it included a paragraph on mobility of labour which begins: "With the transformed outlook for coal which has been demonstrated throughout our examination, providing that costs remain competitive overall and bearing in mind the very special efforts that will require to be made to keep production going until new capacity is available to make up the deficiency, the need to close pits on economic grounds should be much reduced. But inevitably some pits will have to close as their useful economic reserves of coal are depleted."

The paragraph is of great importance to the NCB negotiators, for not only does it clearly permit closure on economic grounds, it also assumes, implicitly to be sure, that economic closures have been the norm in the past (since they will now be "much reduced").

However, the miners' union president, Mr Arthur Scargill sees this as set in a context confined only to a discussion on labour mobility; and he can point to references elsewhere in the text which omit any reference to economic closures, saying simply, for example, that "because of the inevitable losses of capacity through exhaustion..."

The last of this set of documents is the 1978 publication Coal for the Future (4). Published by Mr Tony Benn when he was Energy Secretary, it is a less heroically optimistic text than its predecessors.

his "Bible", the report on the NCB by the Monopolies and Mergers Commission, published last June (5).

In the NCB letter to the NUM last week, the board said it wished the talks this week to focus on the problem of uneconomic pits, which could be "dealt with in accordance with the principles of the various reports of the plan for coal." As Mr Scargill well knows, this means the commission's report.

Its two volumes provide a complete justification for Mr MacGregor's plans to slim down the industry. Its conclusions relentlessly concentrate on the matter of uneconomic pits.

It points out that the industry suffers from the twin problems of overcapacity and high-cost pits, and says: "The present position suggests... that problems of over-supply are likely to persist unless in course of time capacity can be reduced by about 10 per cent (rather more than Mr MacGregor's proposed 4m tonnes cut in a 100m tonne deep-mined output)... further closures of high-cost pits will... also be required when the investments of recent years bear fruit and new economic capacity comes into production."

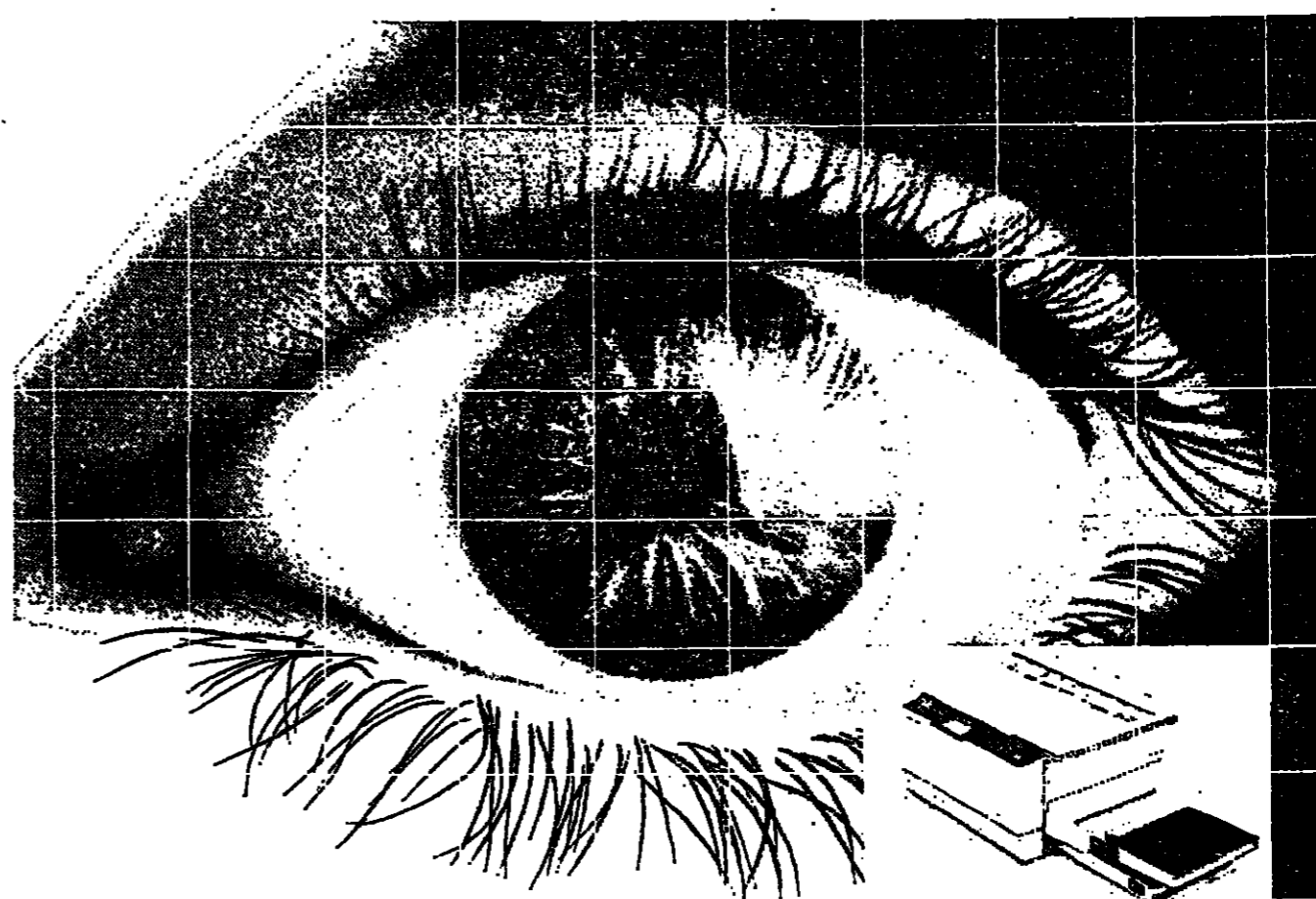
This is a recurring feature of an extractive industry - collieries which have at one time operated successfully and profitably need to be closed and replaced by new mines when their economically extractable resources are exhausted. The industry's case for investment in new capacity cannot be sustained if it is unable to close down older, uneconomic units.

The language is unequivocal, the text from the MacGregor Bible clear. But it accords not at all with the miners' texts. Indeed, the battle of the documents reveals a clear clash of two fundamentally opposed principles - planned production and production for the market.

Mr MacGregor, for all he may try, cannot convincingly claim that the various documents are other than expansionist and protective. And Mr Scargill cannot convincingly argue that today's market situation is other than disastrously expensive for any such plan.

In these documents, already well-thumbed in the previous sessions of talks, the board and the union have much over which to disagree and much on which they can take their stand and justify their position.

However, there is a further, weightier tome which Mr Ian MacGregor, chairman of the NCB wishes to bring into focus: that is



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THE ARTS

Television/Christopher Dunkley

Cinema/Nigel Andrews

Take me back to Sardinia

It is, of course, ridiculous to return to London and regular viewing after a mere few days...



Jane in the Desert—a graphics tour-de-force

Switching on ITV at about 10.03 pm on Day produced an eerie sensation of a time warp...

When we cut to pictures of Shrapnell through smoke and black demonstrators being shot...

Next day, having abandoned the effort to find our way through the Radio Times which had scrapped an admirably clear and clean layout...

Received wisdom would have it that we were merely biding our heads in the Sardinian sand...

As for repetitiveness, it is not limited to news programmes. At 11.45 on the same evening on the same channel a comedian...

in a programme which appeared to bear no resemblance to the billing in TV Times was saying 'Anemic? What's anemic? An Irishman that comes up to here (indicating his knee). This joke went round my school in the sixties.'

Since ze froggy agzents were all over ze top it seemed that this one was supposed to be funny and sure enough reference to the daily papers proved that it was called 'Allo 'Allo and was meant to be a send up of Secret Army. Returning from a continent blessedly free of preoccupations with World War II one does wonder whether British television's obsession springs simply from the fact that 1945/46 was the last time Britain was on the winning side of anything.

There is no very strong reason why 'women's series' such as this (the marketing people's description, not mine) should not be screened, after all the same sort of tediously repetitive formula fiction is churned out in the print medium in tens of millions of copies by Mills and Bownes etc. etc. etc.

vision criticism was a proper job for a grown up. But to be fair here has, as usual, been a consistent display of more worthwhile material.

Starting with the best, the thoughtful and excellent BBC1 series Heart Of The Matter screened a programme which was particularly impressive even by its own high standards.

BBC2's James Cameron: Once Upon A Time was the last in another of those series (Malcolm Muggeridge and the late John Betjeman have each done one) in which the early journalists of television look back over their own material and muse on themselves, their changing attitudes, and the world.

On the fiction side the opening episode of BBC1's Bird Of Prey 2 suggested that this series is going to be not merely as good as the first (which was fast and highly entertaining) but considerably better.

This year's Treasures of the Pharos exhibition at the Doge's Palace attracted huge numbers of guests from the film festival. For two reasons, I suspect. Firstly, they had a free pass. Secondly, they wanted to see if any of the Sphinxes on show had an answer for (or better riddle than) the Question exercising us all this year.

On the fiction side the opening episode of BBC1's Bird Of Prey 2 suggested that this series is going to be not merely as good as the first (which was fast and highly entertaining) but considerably better.

After the timeless seasonal rhythms of rural Sardinia the unremitting pace with which one programme follows another does seem unhealthily neurotic, but not all that comes out of the box is rubbish. As ever the trick is to discriminate.

Whatever happened to Venice

This year's Treasures of the Pharos exhibition at the Doge's Palace attracted huge numbers of guests from the film festival.

The workings of the 1984 Mostra Del Cinema would baffle the most industriously riddling mind. As last year, bureaucracy ran mysteriously riot with security men and metal railings outside the festival Palazzo.

The main riddle this year, though, was the films themselves. None of the public utterances of festival director Gian Luigi Ronzi helped to explain why there was only one American film (by a Russian director, Konchalovsky's Meru's Love) and one British film (Greystoke) in the competition.

Back in the doldrum days of the 70s this tunnel-vision policy was exactly what kept the festival of most floating maps. Yet Venice is still a superb setting and opportunity for a late-year gathering of the best in cinema.

Reviewed last week, the Tavianis' Chaos, Eric Rohmer's Nights of the Full Moon and Edgar Reitz's much-praised 16-hour folk history of Germany, 1919 to 1982, Heimat (Home-land). This last has been bought by the BBC and also has a London Film Festival showing planned in November: more about it then.

Chaos has all the rough-hewn magic of the Tavianis brothers' best work, from Padre Padrone to The Night of San Lorenzo. Four Sicilian-set Pirandello stories unroll before us, bespiced with themes as love, murder, religion and were-wolfy, and each is linked to the next by the leitmotif of a crow flying over Sicily's ravaging, gorgeous mountain villages and by the unsexed Pirandello's words.

Once again we were told that screening would be punctuated and there would be 'no latecomers': a certain way to ensure that journalists covered fewer films. (A festival is the one place where corner-cutting is a virtue, a virtue which is essential if you are to glimpse all the important offerings.)

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square tableaux dusted by sun — is one of the glories of Italian cinema.

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Reviewed last week, the Tavianis' Chaos, Eric Rohmer's Nights of the Full Moon and Edgar Reitz's much-praised 16-hour folk history of Germany, 1919 to 1982, Heimat (Home-land). This last has been bought by the BBC and also has a London Film Festival showing planned in November: more about it then.

Chaos has all the rough-hewn magic of the Tavianis brothers' best work, from Padre Padrone to The Night of San Lorenzo. Four Sicilian-set Pirandello stories unroll before us, bespiced with themes as love, murder, religion and were-wolfy, and each is linked to the next by the leitmotif of a crow flying over Sicily's ravaging, gorgeous mountain villages and by the unsexed Pirandello's words.

Once again we were told that screening would be punctuated and there would be 'no latecomers': a certain way to ensure that journalists covered fewer films. (A festival is the one place where corner-cutting is a virtue, a virtue which is essential if you are to glimpse all the important offerings.)

The main riddle this year, though, was the films themselves. None of the public utterances of festival director Gian Luigi Ronzi helped to explain why there was only one American film (by a Russian director, Konchalovsky's Meru's Love) and one British film (Greystoke) in the competition.

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A scene from the Tavianis brothers' 'Chaos'

Hamlet/Shaw

Martin Hoyle

The embattled Michael Croft has enough to do to preserve the National Youth Theatre in the face of blinkered unhelpfulness from such authorities as should know better.

Occasionally grey toppers, frock coats and the Girls' Empire line verge on quality Street Regency, but the hints of early romanticism are valid.

recounting his outwitting his minders; but too often corps where he should rage. His dismay at the time out of joint is understandable: this Hamlet is too vulnerable to put anything right—least of all Andrew Gallacher's Claudius.

Gertrude and Polonius make expected points, and Robert Bristow's trim little Oric avoids camp more successfully than many a professional in the part. In sum, a decent rendering of the play for an audience of beginners.

Up To The Sun And Down To The Centre/Theatre Upstairs

Michael Coveney

Up to the Sun and Down to the Centre is the full unwitting play of what turns out to be a respectfully witty play by a new dramatist, Peter Cox, about the Northern Ireland troubles refracted through a Republican wedding in Derry for which two brothers, one of Long Kesh, might slip across the border.

and while Mr Cox's George Devine Award-winning play should be handled with care — as indeed it is in the expert production by the unstoppable Danny Boyle — the evening is instinct with an O'Casey-like transcendental quality of speech, richness of situation, and poetic flair.

The family gathering of one side by the parish priest (Ronan Wilmot) with an uncanny knack of arriving at the wrong moment, and on the other by a smooth black South African (Trevor Butler) who is a week early for a conference and a useful feed for the family's fears and obsessions.

women drained by losing her to prison, numb to the demands of sleep, fearless in the of soldiers, impervious to the political imperatives. For her, the turning of a key in the front door is the opposite of an alarm clock; it means you can go to sleep, the hens are home.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

Sept 7-13

Theatre

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life...

Occasionally grey toppers, frock coats and the Girls' Empire line verge on quality Street Regency, but the hints of early romanticism are valid.

recounting his outwitting his minders; but too often corps where he should rage. His dismay at the time out of joint is understandable: this Hamlet is too vulnerable to put anything right—least of all Andrew Gallacher's Claudius.

Gertrude and Polonius make expected points, and Robert Bristow's trim little Oric avoids camp more successfully than many a professional in the part. In sum, a decent rendering of the play for an audience of beginners.

Advertisement for 'The North of England The Centre of Industry and Commerce' featuring a stylized map of the region and a list of services including infrastructure, transport, and financial assistance for industry-oriented university departments.









SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Wednesday September 12 1984

Look at Lovell FOR CONSTRUCTION

IVECO International Truck Technology

JCI buys S. African newspaper interest

By Jim Jones in Johannesburg
VETERAN South African newspaper publisher Mr Jim Bailey has sold the 13.5 per cent interest he and his family trust owned in South African Associated Newspapers (SAAN) to mining house Johannesburg Consolidated Investment Company (JCI) for an undisclosed sum.

The sale of the Bailey interests, which have been held for 30 years, places SAAN even more firmly in the hands of the Oppenheimer family. Mr Harry Oppenheimer, the South African mining magnate, stepped in some years ago when control of SAAN appeared likely to fall into the hands of a government-backed fertiliser company chief, Mr Louis Luyt, and provided the cash which allowed his nominees, the Advowson Trust, to acquire a 21 per cent equity interest in SAAN.

Merrill Lynch names capital markets head

By PAUL TAYLOR IN NEW YORK

MERRILL LYNCH, the largest of the Wall Street securities firms, yesterday named Mr Jerome Kenney as president of the company's Merrill Lynch Capital Markets group.

Fox chief quits post

By OUR NEW YORK STAFF

PRIVATE Hollywood film group 20th Century Fox, which is equally owned by Mr Marvin Davis, the Denver oilman, and the Marc Rich Swiss commodity trading group, is seeking a new chief executive after the sudden resignation of Mr Alan Hirschfeld.

White Weld when the firm was acquired by Merrill Lynch in 1978, will have overall responsibility for Merrill's business encompassing large and middle corporate markets, institutions, international markets and the firm's research and trading functions.

Mr Kenney replaces Mr Charles Ross and Mr Edmond Moriarty who had served as co-chairmen of the capital markets group. Mr Ross and Mr Moriarty will continue to serve as executive vice-presidents.

Baldwin discloses extent of losses

By Terry Dodsworth in New York

BALDWIN UNITED, the U.S. financial services company which is operating under the Chapter 11 bankruptcy code, disclosed that its total liabilities exceeded assets by almost \$1bn at the end of 1983 after including losses of \$1.6bn for the year.

The loss figure was greatly inflated by a \$700m charge following the sale of the group's mortgage guaranty insurance business division, which was owned by its MGIC investment corporation subsidiary.

Canadian banks feel the cold

By BERNARD SIMON IN TORONTO

CANADA'S banks hoped earlier this year that a drop in interest rates and sturdier economic growth would push up their earnings in the second half of 1984. But their third-quarter results, published in the last few weeks, have made dismal reading.

Royal Bank, the largest Canadian bank, said bluntly that it is "disappointed that the improvement in second-half earnings that had been anticipated is still not in evidence."

Table with 3 columns: Canadian banks' results for first nine months of fiscal 1984 (year ago in brackets), Net income, Earnings per share, Assets at July 31. Rows include Royal Bank, Canadian Imperial Bank of Commerce, Bank of Montreal, Bank of Nova Scotia, Toronto-Dominion Bank.

Source: Quarterly reports
The decline in net interest income from C\$334.8m a year ago to C\$308.4m is largely due to the higher cost of carrying increased non-performing loans. The impact of a bigger portfolio of doubtful loans has, of course, been compounded by the jump in interest rates earlier this year.

Nasbit-Thomson Borsard says that "there's not much downside left in bank stocks." Lower interest rates will bring the greatest benefits to Bank of Nova Scotia, which has paid a heavy price so far this year for its high proportion of fixed-rate loans.

Norsk Data plans U.S. share offering

By Fay Gjester in Oslo

NORSK DATA, the fast growing minicomputer manufacturer, is planning to raise about Nkr 320m (\$37.5m) of fresh capital through an issue of 900,000 to 1,035,000 non-voting B shares at market price.

Soo close to winning Milwaukee bid battle

By OUR FINANCIAL STAFF

THE PROTRACTED bid battle for Milwaukee Road, the U.S. railway which filed for bankruptcy in 1977, has moved closer to resolution following a decision by the Interstate Commerce Commission to approve the bid from Soo Line Railroad, which is controlled by Canadian Pacific.

UBAF seeks \$100m to finance growth

By PAUL BETTS IN PARIS

UNION DE Banques Arabes et Francaises, the Paris-based consortium bank, is raising its capital resources by \$100m to consolidate its balance sheet and finance the growth and development of the bank's activities.

American Stores' profits up 26%

By Our Financial Staff

AMERICAN STORES, the supermarket and drugstore chain, has reported a 26 per cent increase in net profit during the second quarter from \$27.3m to \$34.4m on sales up by almost one-third from \$1.96bn to \$2.6bn.

Korea Exchange Bank

This announcement appears as a matter of record only.

KOREA EXCHANGE BANK
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Saitama International (Hong Kong) Limited Yasuda Trust Europe Limited
Bahrain Middle East Bank (BMB) FennoScandia Limited
Industrial & Commercial Bank Ltd.

Placing Agent for the Certificates of Deposit
Merrill Lynch Capital Markets
September 1984

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ASIAN DEVELOPMENT BANK
U.S. \$1,000,000,000
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August 1984

ASIAN DEVELOPMENT BANK
U.S. \$1,000,000,000
Zero Coupon Bonds Due 2004
Merrill Lynch Capital Markets



INTL. COMPANIES & FINANCE

Kenneth Gooding on Daimler-Benz' growth in the U.S. truck market
Freightliner climbs league table

DAIMLER-BENZ of West Germany has spent \$50m in the past 30 months on Freightliner, its heavy truck manufacturer subsidiary in the U.S. and is beginning to reap some reward. Output at Freightliner's U.S. plants has just been stepped up to a record 83 a day. And sales this year are forecast to reach 18,000 vehicles compared with 10,918 in 1983 and only 7,648 during the depths of the recession in 1982.

been more different in approach from D-B, which is vertically integrated and makes most of the key components for its Mercedes trucks. Freightliner, on the other hand, builds trucks to customer specification—customers ask for particular engines, transmissions, axles and even such items as sun visors.

of Freightliner in November 1982, and says D-B always wanted Freightliner to remain an American company. "We have been given as much freedom as possible and D-B has put in only the minimum necessary controls," he insists.



Peter Rupp: Aiming for 20 per cent market share

Freightliner in November 1982, and says D-B always wanted Freightliner to remain an American company. "We have been given as much freedom as possible and D-B has put in only the minimum necessary controls," he insists.

When Daimler-Benz bought Freightliner for \$260m from the Consolidated Freightways group in 1981, it was seen as one of the most important developments in the German group's recent history. Already the world's largest heavy truck maker, D-B set itself up to attack the biggest market in the world in a serious way.

Freightliner should gain substantial extra sales next year after it has added a third basic model to its range, one to compete in the medium-length part of the sector, which accounts for 18 per cent of total Class 8 sales.

options for the Freightliner vehicles. Trials with two German-built engines in trucks running between the Freightliner plant in Portland and Mount Holly, North Carolina—where D-B has a Mercedes truck assembly plant—have proved successful.

But the introduction of the engines is probably more than a year away. D-B first has to finish putting into place the service back-up facilities for them, and is also still considering how to hedge against violent changes in the U.S. and German currencies, possibly by assembling the engines in the States.

Freightliner needed a partner which could take it from being a manufacturer of custom-engineered trucks for select segments of the Class 8 market to a strong top contender with a whole range of products to compete in all facets of the market place.

Freightliner virtually had ignored the fleet market—possibly because the former owner was one of the biggest haulage operators in the U.S. and could be seen as a competitor.

Mr Rupp, who is 53, was born in Germany but became an Australian citizen. He started work with General Motors and Volkswagen in Australia before joining D-B as manager of its engine plant in Iran in 1975.

He set up D-B's truck assembly plant in Nigeria before returning to the Stuttgart headquarters for a brief spell. Then he took over as chief executive of Euclid, the off-road vehicle producer in the U.S., then the D-B subsidiary. He became chief executive

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$250,000,000

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Vickers da Costa (U.K.) Limited, Regis House, King William Street, London EC4R 9AR, 12th September, 1984

Bank of Montreal

has acquired the outstanding shares of capital stock of

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September 5, 1984

Banco Sime n, S.A., Vigo, Spain,

has been acquired by

Banco Exterior de Espa a.

We acted as financial advisor

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Morgan Guaranty Trust Company of New York

NEW ISSUE All these securities having been sold, this announcement appears as a matter of record only. September 1984

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sakura Konica u-six

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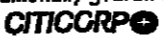
THE FT TENTH WORLD BANKING CONFERENCE

London 5 & 6 December 1984 Among the eminent speakers who will be on the platform for the Tenth World Banking Conference are: The Rt Hon Sir Geoffrey Howe, QC, MP, Dr Erik Hoffmeyer, Mr Walter Shipley, Mr William Rhodes, Mr A. D. Loshals, Mr Jean DeLassieux. For further details please contact: Financial Times Conference Organisation, Minister House, Arthur Street, London EC4R 9AX. Telephone: 01-621 1355. Telex: London 87347 FTCONF G

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Notice is hereby given that the Rate of Interest has been fixed at 12.4% per annum and that the interest payable on the relevant Interest Payment Date, December 12, 1984, against Coupon No. 23 in respect of U.S. \$1,000 nominal of the Notes will be U.S. \$30.97.

September 12, 1984, London By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANK





Closing Prices, September 11

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and changes. Includes sub-sections like 'D-D', 'E-E', 'H-H', 'M-M', and 'P-P'.

Continued on Page 29

Handwritten Arabic text at the bottom of the page.



AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, September 11

Main table of American stock exchange closing prices, organized by sector (A through Z) and including columns for stock name, price, and change.

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized by sector (A through Z) and including columns for stock name, price, and change.

Notes and legends explaining the data, including symbols for stock types and dividend information.

World Value of the Pound every Tuesday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA

Table with columns: Sept. 11, Price, +/-, Stock names like Creditanstalt, Gossner, etc.

BELGIUM/LUXEMBOURG

Table with columns: Sept. 11, Price, +/-, Stock names like ARBEZ, Bano Int & Lux, etc.

DENMARK

Table with columns: Sept. 11, Price, +/-, Stock names like Aarhus Olie, Andelsbanken, etc.

FRANCE

Table with columns: Sept. 11, Price, +/-, Stock names like Emprunt 4 1/2, Emprunt 7 1/2, etc.

GERMANY

Table with columns: Sept. 11, Price, +/-, Stock names like AEG Telefunken, Allianz, etc.

NETHERLANDS

Table with columns: Sept. 11, Price, +/-, Stock names like ACP Holding, AEGON, etc.

ITALY

Table with columns: Sept. 11, Price, +/-, Stock names like Banca Com. It., Bagnoli, etc.

SPAIN

Table with columns: Sept. 11, Price, +/-, Stock names like Banco Bilbao, Banco Central, etc.

NORWAY

Table with columns: Sept. 11, Price, +/-, Stock names like Bergen's Bank, Borgerdags, etc.

SWEDEN

Table with columns: Sept. 11, Price, +/-, Stock names like AEA, Alfa-Laval, etc.

SWITZERLAND

Table with columns: Sept. 11, Price, +/-, Stock names like Alusuisse, Bank Leu, etc.

AUSTRALIA

Table with columns: Sept. 11, Price, +/-, Stock names like ANZ Group, Ampol, etc.

AUSTRALIA (continued)

Table with columns: Sept. 10, Price, +/-, Stock names like Gen Prop Trust, Harcourt Energy, etc.

JAPAN

Table with columns: Sept. 10, Price, +/-, Stock names like Dai Nippon Ind., Daiwa House, etc.

JAPAN (continued)

Table with columns: Sept. 10, Price, +/-, Stock names like Dai Nippon Ind., Daiwa House, etc.

AUSTRALIA (continued)

Table with columns: Sept. 10, Price, +/-, Stock names like Gen Prop Trust, Harcourt Energy, etc.

HONG KONG

Table with columns: Sept. 10, Price, +/-, Stock names like Bank East Asia, China Light, etc.

JAPAN

Table with columns: Sept. 11, Price, +/-, Stock names like Aisin, Amada, etc.

JAPAN (continued)

Table with columns: Sept. 11, Price, +/-, Stock names like Aisin, Amada, etc.

SOUTH AFRICA

Table with columns: Sept. 11, Price, +/-, Stock names like ABC, BHP, etc.

MONTREAL

Table with columns: Closing prices for various stocks in Montreal.

NEW YORK

Table with columns: Stock names and prices in New York.

OVER-THE-COUNTER

Large table listing Nasdaq national market closing prices for various stocks.

LONDON

Table showing Chief price changes in London, categorized by RISES and FALLS.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table showing American stock exchange closing prices for various sectors.

NEW YORK

Table showing New York stock market data, including Dow Jones and Standard and Poors.

STANDARD AND POORS

Table showing Standard and Poors indices and performance metrics.

STANDARD AND POORS

Table showing Standard and Poors indices and performance metrics.

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Table showing Standard and Poors indices and performance metrics.

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Continuation of Gilt-edged strength encourages more cheerful equity scene

Account Dealing Dates

\*First Dealing - Last Account Dealing - First Dealing - Last Account Dealing - First Dealing - Last Account Dealing...

Renewed institutional demand took Gilt-edged securities higher for the fourth consecutive day in London yesterday.

The rise in longer-dated Gilts was accompanied by stock shortages, as sellers remained reluctant.

Leading shares on this occasion followed the advance in Gilts. Investors were none too sure in the early trade...

Willis Faber down Willis Faber's 10.1 per cent gain in the early trade...

closed 2 lower at 178p. Elsewhere, however, featured Life issues with a fresh advance of 12 to 43p...

The rise in longer-dated Gilts was accompanied by stock shortages, as sellers remained reluctant.

Leading shares on this occasion followed the advance in Gilts. Investors were none too sure in the early trade...

Willis Faber down Willis Faber's 10.1 per cent gain in the early trade...

FINANCIAL TIMES STOCK INDICES

Table with columns for Stock Index, Date, and Value. Includes Government Secs, Fixed Interest, Industrial Ord., and Gold Mines.

10 am 848.5, 11 am 853.1, Noon 854.7, 1 pm 854.7, 2 pm 854.7, 3 pm 854.7.

HIGHS AND LOWS S.E. ACTIVITY

Table showing High and Low prices for various stock indices and sectors like Govt. Secs, Fixed Int., and Gold Mines.

were only slightly harder. Following trading statements, System Reliability fell 27 to 41p...

Hotel concerns passed a quiet firm session. Grand Metropolitan rallied from a lower early level of 296p to close a couple of pence dearer at 302p...

Avon Rubber rights Quietly steady for most of the day, leading miscellaneous industrials took on a firmer stance in the late dealings.

Lucas Industries rose 8 more to 216p as investors continued to speculate on the possibility of a bid from Rockwell International of Pittsburgh.

shares have risen 27 in the last three trading sessions despite the company's denial of any takeover approaches. Elsewhere in Motors, Appleby, scheduled to announce interim results tomorrow, improved 4 to 38p...

Leading Properties displayed an easier bias after a quiet trade. Land Securities softened 2 to 290p as did MEPC to 318p.

Tobacco remained firm. Bats rose 8 more to 262p on support in front of next Tuesday's interim statement.

Oils improve Reports that OPEC crude oil production fell sharply during August helped leading oil shares to extend Monday afternoon's recovery movement.

Gold steady South African mining markets put on a much steadier performance. A firm showing by the Randfontein shares followed...

NEW HIGHS AND LOWS FOR 1984 AMERICANS (57) ARTISTS (7) BANKERS (11) BUILDINGS (7) CHEMICALS (7) FOODS (4) FURNITURE (1) GARDENS (1) HOTELS (1) INDUSTRIALS (17) INVESTMENT (1) JEWELLERY (1) LABOR (1) LEISURE (1) MEDICAL (1) METALS (1) MINES (1) MOTOR VEHICLES (1) OILS (1) OPTICS (1) PAPER (1) PERFORMING ARTS (1) RESTAURANTS (1) RETAIL (1) SERVICES (1) SPORTS (1) TEXTILES (1) TOYS (1) UTILITIES (1) VEHICLES (1) WAREHOUSES (1) WHOLESALE (1)

NEW HIGHS AND LOWS FOR 1984 AMERICANS (57) ARTISTS (7) BANKERS (11) BUILDINGS (7) CHEMICALS (7) FOODS (4) FURNITURE (1) GARDENS (1) HOTELS (1) INDUSTRIALS (17) INVESTMENT (1) JEWELLERY (1) LABOR (1) LEISURE (1) MEDICAL (1) METALS (1) MINES (1) MOTOR VEHICLES (1) OILS (1) OPTICS (1) PAPER (1) PERFORMING ARTS (1) RESTAURANTS (1) RETAIL (1) SERVICES (1) SPORTS (1) TEXTILES (1) TOYS (1) UTILITIES (1) VEHICLES (1) WAREHOUSES (1) WHOLESALE (1)

EQUITIES

Table of recent issues with columns for Issue Price, Amount, and Stock details.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue Price, Amount, and Stock details.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue Price, Amount, and Stock details.

RISES AND FALLS YESTERDAY

Table showing rises and falls in stock prices yesterday.

ACTIVE STOCKS

Table of active stocks with columns for Stock Name, Price, and Change.

OPTIONS

Table of options with columns for Deal, Last, Decl, and For.

MONDAY'S ACTIVE STOCKS

Table of Monday's active stocks with columns for Stock Name, Price, and Change.

LONDON TRADED OPTIONS

Table of London traded options with columns for Option, Calls, and Puts.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table of FT-Actuaries Share Indices with columns for Equity Groups, Times, and Indices.

FIXED INTEREST

Table of fixed interest rates with columns for Price, Index, and Yield.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange with columns for Series, Vol., and Price.

FT LONDON SHARE INFORMATION SERVICE

HOTELS - Continued

Table listing hotel stocks with columns for stock name, price, and percentage change.

DC logo with 'Design, Construct & Engineer BUILDING SUCCESS Stratford-upon-Avon 0789 204288' text.

AMERICANS

BEERS, WINES - Cont.

DRAPERY & STORES - Cont.

ENGINEERING - Continued

INDUSTRIALS (Misc.)

BRITISH FUNDS

'Shorts' (Lives up to Five Years)

Table of 'Shorts' funds with columns for fund name, price, and change.

Five to Fifteen Years

Table of funds with 5 to 15 year maturity periods.

Over Fifteen Years

Table of funds with maturity periods over 15 years.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African loans.

LOANS

Table of various loan types.

Public Board and Ind.

Table of public board and industrial funds.

Financial

Table of financial instruments.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks.

CANADIANS

Table of Canadian stocks.

BANKS, HP & LEASING

Table of bank, hire purchase, and leasing stocks.

CHEMICALS, PLASTICS

Table of chemicals and plastics stocks.

DRAPERY AND STORES

Table of drapery and stores stocks.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks.

ELECTRICALS

Table of electrical stocks.

FOOD, GROCERIES, ETC

Table of food, grocery, and other stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

ENGINEERING

Table of engineering stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

ENGINEERING

Table of engineering stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

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INDUSTRIALS (Misc.)

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Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

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INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

International Finance DAIWA SECURITIES

MINES—Continued

Table of Industrial and Leisure stocks with columns for Stock, Price, and % Change.

Table of Property stocks with columns for Stock, Price, and % Change.

Table of Investment Trusts with columns for Stock, Price, and % Change.

Table of Oil and Gas stocks with columns for Stock, Price, and % Change.

Table of Mines stocks with columns for Stock, Price, and % Change.

Central African

Australians

Table of Central African and Australian stocks with columns for Stock, Price, and % Change.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks with columns for Stock, Price, and % Change.

SHIPPING

Table of Shipping stocks with columns for Stock, Price, and % Change.

SHOES AND LEATHER

Table of Shoes and Leather stocks with columns for Stock, Price, and % Change.

SOUTH AFRICANS

Table of South African stocks with columns for Stock, Price, and % Change.

OVERSEAS TRADERS

Table of Overseas Traders stocks with columns for Stock, Price, and % Change.

TINS

Table of Tins stocks with columns for Stock, Price, and % Change.

Miscellaneous

Table of Miscellaneous stocks with columns for Stock, Price, and % Change.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks with columns for Stock, Price, and % Change.

PAPER, PRINTING ADVERTISING

Table of Paper, Printing, and Advertising stocks with columns for Stock, Price, and % Change.

TEXTILES

Table of Textiles stocks with columns for Stock, Price, and % Change.

TOBACCO

Table of Tobacco stocks with columns for Stock, Price, and % Change.

PLANTATIONS

Table of Plantations stocks with columns for Stock, Price, and % Change.

NOTES

Notes section containing financial information and company announcements.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks with columns for Stock, Price, and % Change.

PROPERTY

Table of Property stocks with columns for Stock, Price, and % Change.

INVESTMENT TRUSTS

Table of Investment Trusts stocks with columns for Stock, Price, and % Change.

OIL AND GAS

Table of Oil and Gas stocks with columns for Stock, Price, and % Change.

MINES

Table of Mines stocks with columns for Stock, Price, and % Change.

Central Rand

Table of Central Rand stocks with columns for Stock, Price, and % Change.

Eastern Rand

Table of Eastern Rand stocks with columns for Stock, Price, and % Change.

Far West Rand

Table of Far West Rand stocks with columns for Stock, Price, and % Change.

O.F.S.

Table of O.F.S. stocks with columns for Stock, Price, and % Change.

Options—3 month call rates

Table of Options—3 month call rates with columns for Stock, Price, and % Change.

Regional & Irish Stocks

Table of Regional & Irish Stocks with columns for Stock, Price, and % Change.

Diamond and Platinum

Table of Diamond and Platinum stocks with columns for Stock, Price, and % Change.

Handwritten note: JPY 100/150

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Alliance Unit Trust, and others, including their managers and performance data.

Main table of FT Unit Trust Information Service, listing numerous unit trusts with columns for name, manager, and other details.

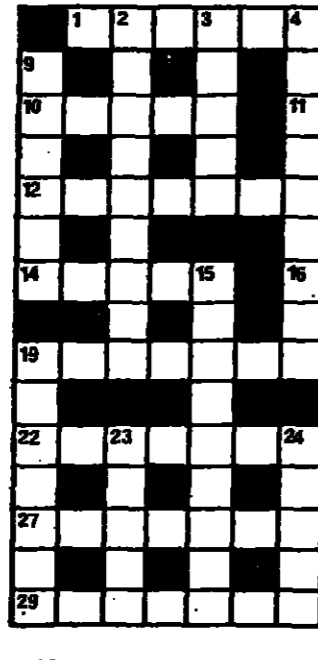
Table listing various insurance companies and their policies, including details on coverage and terms.

INSURANCES

Table listing insurance services and providers, including details on policy types and contact information.

F.T. CROSSWORD PUZZLE No. 5,515

- ACROSS
1 Post-war break-down of services (14)
10 He's put in little work, yet has expectations (5)
11 I'm hanging on, there's something about to happen (9)
12 A bitter brew that might go to a priest's head (7)
13 He cares for others (7)
14 Describing a boom in unusual coins? (5)
16 Traveller in nitrate gets new order (9)
19 Where shanty-men were bound to go (3, 5)
20 His grasp of things made him wealthy (5)
22 Slip out of gear (7)
25 A new tropic fruit (7)
27 Sold in education break (9)
28 Previous head of a religious body (5)
29 Trouble between one country and another (6, 8)



15 Note a member, the very best of the friars (9)
17 Cecil and I put out cold tongue (9)
18 Drug problem that's the talk of present era (9)
19 Stalks out of the stage crowd (7)
21 Strays around in the woods (6)
23 Slope make-up (5)
24 Deserved area is in a bad way (3)

26 Swift and quiet in attack (5)
Solution to Puzzle No 5,514



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INSURANCE, OVERSEAS & MONEY FUNDS

Handwritten note: 100% ...

Table of financial data for various insurance and investment funds, including columns for fund names, managers, and performance metrics.

Table of financial data for insurance, overseas, and money funds, listing various fund names and their details.

Table of financial data for money market bank accounts and trust funds, including fund names and performance data.

OFFSHORE AND OVERSEAS

Text block providing information related to offshore and overseas investments, including contact details and fund descriptions.

Money Market Trust Funds

Text block detailing money market trust funds, including fund names and performance metrics.

Money Market Bank Accounts

Text block detailing money market bank accounts, including bank names and account details.

Money Market

Text block detailing various money market products and services, including fund names and performance data.

NOTES section providing additional information and disclaimers regarding the financial data presented.

COMMODITIES AND AGRICULTURE

Producer follows zinc price reduction

By John Edwards, Commodities Editor
ELECTROLYTIC ZINC OF Australia confirmed yesterday that it was lowering its base price for zinc sold outside the U.S. by \$50 to \$940 a tonne.

Zinc values on the London Metal Exchange rallied strongly, however, recouping most of the previous day's losses. Traders said buying interest was stimulated by the feeling the market had fallen too sharply and the news that orders at the Noranda Valleyfield smelter had given their union a strike mandate.

Copper prices rallied to close only marginally down, after falling in morning trading. Several more U.S. producers announced cuts in their domestic selling prices and there is apprehension about the lack of progress made in negotiations for new labour contracts for U.S. automobile workers.

Jopling warns on milk quota sales

MR MICHAEL Jopling, Britain's Minister of Agriculture, yesterday warned dairy farmers against flouting EEC rules for bidding a trade in milk production quotas. He said that if farmers try to sell small areas of land with large amounts of milk quota, this will clearly be irregular under the Community's current rules.

Ministry officials would be monitoring farmland sales by dairymen and would "need to satisfy themselves that a wholly artificial transaction has not taken place". The European Commission has demanded information from London about reports that some farmers have been "re-identifying their holdings to attach large amounts of quota to small portions of land."

Ministry officials said yesterday that an informal numerical yardstick would be used to judge whether or not a transaction was "artificial".

UK cereal intervention offers top 1m tonnes

OFFERS OF UK wheat and barley for intervention received by the Home Grown Cereals Authority up to yesterday afternoon reached 1,017m tonnes, an authority official said.

Combined wheat and barley registrations yesterday were 147,200 tonnes, a record single day's tonnage. Total wheat offers rose to 614,713 tonnes, comprised of 443,252 of feed and 171,461 of bread making quality.

COTTONS International Advisory Committee raised its forecast of 1984/85 world cotton output to 75.66m bales from 73.79m bales a month ago and compared to 67.61m bales in 1983/84.

ETHIOPIAN AGRICULTURE A Socialist approach to farming

THE PLAN was to meet small producers from peasants' associations at collection centres and visit a selection of state dairy farms away from the capital, Addis Ababa.

The trip demonstrated the curious mixture in Ethiopia of traditional peasant subsistence farming (the vestige of the previous feudal system) an attempt to introduce Marxist-Leninist planning into agriculture, and the increasing application of Western aid for agricultural development.

Ethiopia is one of the poorest countries in the world, and until now has been one of the lowest recipients of outside help. Agriculture is the mainstay of the economy. It contributes 45 per cent of gross domestic product and 80 per cent of export earnings.

ETHIOPIA'S Marxist-Leninist Government celebrated the 10th anniversary of the country's change to a Socialist regime with the announcement of a new economic programme that gives priority to agriculture.

John Empson, recently in Ethiopia to look at the country's dairy industry, describes the problems facing the country.

item is hides, skins and animal products. Ethiopia has the biggest livestock population in Africa. Domestic supplies of cereals and pulses available for consumption are estimated at about 5m tonnes. Imports have grown, and at between 300,000 and 400,000 tonnes a year, are 71 per cent of this total.

The same cannot be said of the state farms. They were started at the same time as the associations with the nationalisation of large scale units. They have since been expanded, and in 1979 the Ministry of State Farms was set up to run them.

U.S. maize output in '85 depends on key forecast

BY NANCY DUNNE IN WASHINGTON
NEXT YEAR'S American maize production could depend on just one figure to be derived from the U.S. crop production report due to be released today by the Department of Agriculture.

PRODUCTION OF compounds and other processed feed stuffs in Great Britain totalled 2.06m tonnes in the 13 weeks to June 30

Production of compounds and other processed feed stuffs in Great Britain totalled 2.06m tonnes in the 13 weeks to June 30 this year, compared with 2.59m tonnes in the same period last year.

Indian tea limits to stay

CALCUTTA - India will not withdraw the recently imposed ceiling on tea exports. Mr Pranab Mukherjee, the Finance Minister, said today.

UK defends whitefish deal

BRITAIN and the European Commission yesterday defended an EEC deal which will increase the quantities of young whitefish that can be caught in the North Sea by so-called "industrial fishing".

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Sept. 11 1984, + or -, Month ago. Rows include Metals, Zinc, Lead, Tin, etc.

LONDON OIL

Table with columns: Grade, Price, Change, etc. Rows include Arabian Light, Brent, etc.

SPOT PRICES

Table with columns: Commodity, Price, Change, etc. Rows include Crude Oil, Gasoline, etc.

GOLD MARKETS

Table with columns: Market, Price, Change, etc. Rows include Gold Bullion, etc.

EUROPEAN MARKETS

Table with columns: Commodity, Price, Change, etc. Rows include Sugar, Cocoa, etc.

BASE METALS

Table with columns: Metal, Price, Change, etc. Rows include Copper, Zinc, Lead, Tin, etc.

COPPER

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

TIN

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

LEAD

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

ZINC

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

BRITISH COMMODITY PRICES

Table with columns: Commodity, Price, Change, etc. Rows include Wheat, Barley, etc.

ALUMINIUM

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

WEEKLY METALS

Table with columns: Metal, Price, Change, etc. Rows include Copper, Zinc, Lead, Tin, etc.

COFFEE

Table with columns: Grade, Price, Change, etc. Rows include Arabica, Robusta, etc.

GRAINS

Table with columns: Grain, Price, Change, etc. Rows include Wheat, Barley, etc.

COCOA

Table with columns: Grade, Price, Change, etc. Rows include B1, B2, etc.

NICKEL

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

WHEAT

Table with columns: Grade, Price, Change, etc. Rows include Hard, Soft, etc.

BARLEY

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

SILVER

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

RUBBER

Table with columns: Grade, Price, Change, etc. Rows include RSS, etc.

INDICES

Table with columns: Index, Value, Change, etc. Rows include Financial Times, etc.

REUTERS

Table with columns: Index, Value, Change, etc. Rows include DOW JONES, etc.

MOODY'S

Table with columns: Index, Value, Change, etc. Rows include DOW JONES, etc.

SOYABEAN MEAL

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

AMERICAN MARKETS

Table with columns: Commodity, Price, Change, etc. Rows include Gold, Silver, etc.

NEW YORK

Table with columns: Commodity, Price, Change, etc. Rows include Aluminum, etc.

CHICAGO

Table with columns: Commodity, Price, Change, etc. Rows include Live Cattle, etc.

COTTON

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

SUGAR

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

SOYABEANS

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

HEATING OIL

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

ORANGE JUICE

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

POTATOES

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.

COTTON

Table with columns: Grade, Price, Change, etc. Rows include High Grade, etc.





INTERNATIONAL CAPITAL MARKETS

Tightly priced new issues hold back Eurobond market

BY PETER MONTAGNON, IN LONDON

A \$375m deluge of tightly priced new issues held back an advance in the Eurodollar bond market yesterday, with prices closing mixed in thin trading.

Four new issues were launched, all from U.S. corporate borrowers anxious to take advantage of the recent clarification of the tax rule for the issue of bonds in the Euromarkets. A high volume of new issues had been expected but the pricing of some of yesterday's new deals took the market by surprise.

Coca-Cola is raising \$100m through a seven-year bond led by UBS (Securities) which bears a coupon of only 11 1/2 per cent and an issue price of 99 1/2. Despite these very tight terms the issue was apparently performing reasonably well yesterday afternoon, helped by the appeal of the name to Swiss investors.

BHF Bank bond average table with columns for Sept 11, 1984, and Previous.

With still more issues believed to be waiting in the wings dealers said that much now depends on the trend of the New York market.

Also due for launch today is a \$40m, ten-year floating rate note for FRAB-Bank, which will be led by its parent, the National Bank of Kuwait. The bonds are expected to bear interest at a 1/4 point margin over the mean of the bid and offered rates for six-month Eurodollar deposits and an issue price of par.

The City of Toronto launched a C\$50m, 13 per cent, ten-year issue at par through Wood Gundy, Dominion Securities and Salomon Brothers, while in Germany the European Investment Bank kicked off a new DM 1.835bn calendar with a DM 300m, ten-year 7 1/2 per cent issue priced at 98 1/2 per cent by Deutsche Bank.

This is a much heavier new issue calendar than last month when DM 970m of new paper was placed, but dealers in Germany believe the market should now just be able to absorb the increased amount.

Swiss franc issues were little changed to slightly firmer.

D-Mark New Issue Calendar table with columns for Date, Borrower, Amount, and Lead.

Chase Manhattan may win Indian mandate

BY JOHN ELLIOTT IN NEW DELHI

CHASE MANHATTAN appears set to win the mandate for a \$300m loan for India's state-owned National Aluminium Company (Nalco). The funds are part of the financing required for a \$2bn project in the state of Orissa.

India has had to accept Chase's offer of 1/2 a percentage point over the London interbank offered rate (Libor) for the first five years of the loan and 1/4 over Libor for the remaining three.

Meanwhile the Indian Government is also finalising plans to borrow some \$480m to enable Air India to purchase six Airbus. Formal offers are expected to be sought in November and a number of banks have already expressed interest in participating.

This enthusiasm for the Air India financing stands in marked contrast to the Nalco money raising moves. Costs on the Orissa project have risen from an estimated \$1.78bn in 1980 to \$2.1bn, and there is concern about the profitability prospects of the scheme.

Of the funds required by Air India about half is expected to come from export credits, and merchant banks will compete for the rest.

Nestle, the Swiss foods group, has signed a revolving credit agreement with Citicorp in connection with its near \$3bn bid for Carnation of the U.S., Reuters reports from New York.

The credit is for an amount up to \$2.5bn repayable at any time during the five-year term of the agreement. Interest will be at the election of Nestle, either 1/2 per cent over Libor, 1/4 per cent over domestic U.S. certificate of deposit rate, or at Citibank's base rate.

FT INTERNATIONAL BOND SERVICE

The following are the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 11.

Large table of international bond issues with columns for Issuer, Maturity, Coupon, Price, and Yield.

Table of Treasury and Government bonds with columns for Issue, Price, and Yield.

Table of Yen Straghts with columns for Issue, Price, and Yield.

Table of Other Straghts with columns for Issue, Price, and Yield.

Table of Swiss Francs with columns for Issue, Price, and Yield.

Table of Sterling with columns for Issue, Price, and Yield.

Table of Deutsche Marks with columns for Issue, Price, and Yield.

Table of Japanese Yen with columns for Issue, Price, and Yield.

Table of Australian Dollars with columns for Issue, Price, and Yield.

OVER-THE-COUNTER

Continued from page 30

Table of over-the-counter securities with columns for Stock, Sales, High, Low, Last, and Change.

Continued from page 30

Table of over-the-counter securities with columns for Stock, Sales, High, Low, Last, and Change.

Continued from page 30

Table of over-the-counter securities with columns for Stock, Sales, High, Low, Last, and Change.

Large advertisement for OLC (Orient Lease Co., Ltd.) and SEK (Aktiebolaget Svensk Exportkredit) featuring financial details and logos.



MINING NEWS BIDS AND DEALS

Harmony chief sees price rise

BY GEORGE MILLING-STANLEY

THE GOLD price is likely to return to levels in excess of \$400 per ounce next year, according to Mr C. G. Knobbs, chairman of South Africa's Harmony and Blyvooruitzicht gold mines in the Barlow Rand stable.

Harmony is budgeting for an increase of about 10 per cent. In line with the rise over the past 12 months, while Blyvoor hopes to be able to restrict the increase to 9 per cent.

Reserves rise at Hellyer deposit

FURTHER DRILLING at the Hellyer base metal prospect in Tasmania appears to have confirmed the deposit as a major discovery, which will rank with the established Que River mine 3 km to the south.

Completed by the end of this year, with preliminary development work already under way, the deposit is expected to be followed in order of importance by silver, gold, lead and copper, Aberfoyle said.

Andrew Fisher looks at the end of a takeover saga Trafalgar waves goodbye to P & O

IN CITY takeover terms, it had everything: big company names, prominent financial personalities, more than a touch of animosity—at least in the early stages—and a welcome dash of glamour.

Lake Trafalgar, P & O has extensive interests in the luxury cruise market. It also owns the successful Bovis construction company.

That it was no longer accessible at a price that really made sense to our shareholders.

of similar age—Sir Nigel is 90 and Mr Sterling 48—agreed on the deal at around 6 pm on Monday night.

HOW THE BID GAME AND WENT

- May 24, 1983 Trafalgar's £290m bid for P & O immediately rejected. Bidder has bought nearly 5 per cent of P & O shares.

British Land confirms 5% Stylo stake

British Land confirmed last night that it now holds a 5.3 per cent stake in Stylo, the Bradford-based shoe company which has consistently frustrated potential bidders.

Unilever backs 'commercial logic'

Unilever, the giant international food processing and detergent group, formally launched its £355m cash offer for Brooke Bond yesterday.

holders of the tea and meat processing group. Instead, Unilever points out that its offer represents a 52 per cent increase in capital value.

Bond's price ruled further purchases by Unilever out of court although, at 11.5p last night, the defence's share price represents a premium of only 1p.

Your best bait for hooking big business. THE MARINE PRODUCTS EXPORT DEVELOPMENT AUTHORITY. COCHIN 622 0114 INDIA.

Granville & Co. Limited. Over-the-Counter Market. Table with columns: High/Low, Company, Price Change, Gross Yield, P/E, Fully Taxed.

SPAC. NEW APTS. No 10 CRAVEN STREET, JUST OFF THE STRAND, LONDON WC2.

Rentals. GEORGE KNIGHT & PARTNERS. The Letting Agents. 9 Heath Street, London NW3.

AROUND TOWN. Residential Lettings. Large family house full of character.

Scusa forecasts doubled profits

Scusa, the U.S. subsidiary of Security Centres (Holdings), expects 1984 pre-tax profits to double to \$7.4m (£5.8m).

This deal will reduce Security Centres' stake in Scusa to 32.67 from 50.25 per cent.

per share by means of an offer for sale and of further shares by means of a subscription.

Residential Property. MARBELLA'S FINEST PROPERTIES AT BRITAIN'S FINEST EXHIBITIONS.

New prestigious apartments in Islington from £39,500. Ideally situated for the City and West End.

SWITZERLAND. LAKE GENEVA - MOUNTAIN RESORTS. Apartments in Montreux on Lake Geneva.

COSTA DEL SOL. Our new brochure tells why more people are buying property in Costa del Sol.

Clubs. THE GARDEN OF ST. JAMES'S. London's most exclusive club.

Exhibitions. ANTHONY MAP FAIR and Exhibition of world maps.

ADVERTISEMENT CLASSIFIED RATES. Table with columns: Per Column, Single Column, Double Column.

AMERICAN EXECUTIVES. seek luxury furnished flats or houses up to £500 per week.

THE SPECIALIST FOR N.W. LONDON. International companies relocate their executives NOW.

Company Notices. NOVA SCOTIA POWER CORPORATION. 9 1/2% Sinking Fund Debentures 1989.

FURNISHED LETTINGS. Quality London flats and houses to let.

ST. JOHN'S WOOD. 2 BED FLAT. In luxury new block, fully fitted.

Company Notices. NEDLIBRA FINANCE B.V. Guaranteed Floating Rate Notes due 1993.

BIDS AND DEALS IN BRIEF

- Nitrogen Holdings, the computer microfilm company, said yesterday it was in talks which may lead to the acquisition of another company.

Gartmore American Securities p.l.c. At the Extraordinary General Meeting of London & Lennox Investment Trust plc.

UK COMPANY NEWS

Confident outlook at Lowe Howard

MORE THAN doubled taxable profits of £1.21m in the first half of 1984 against a pro-forma £588,000 were achieved by Lowe Howard-Spink...

The increase demonstrates the benefits of the merger of Lowe & Howard-Spink and Wasey Campbell-Ewald...

BOARD MEETINGS

Table listing board meetings for various companies including British Printing and Communication, Clys Petroleum, etc.

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends...

comment

Last September's merger of Lowe and Howard-Spink with Wasey Campbell-Ewald is clearly producing the benefits expected of it...

Continental Microwave setback in U.S.

UK PROFITS growth at Continental Microwave (Holdings) has been all but wiped away by higher than expected losses incurred on the other side of the Atlantic...

AT HOGAN SYSTEMS WE'RE COMMITTED TO BANKING

HOGAN SYSTEMS (UK) LIMITED ANNOUNCES A NEW SEMINAR:

THE EVOLUTION OF FINANCIAL INSTITUTIONS THURSDAY 20 SEPTEMBER, CITY OF LONDON

Hogan Systems began with a commitment to envision the environment shaping tomorrow's financial institutions and to provide the tools for that increasingly sophisticated and complex world...

Today Hogan provides those tools with a complete range of IBM-compatible systems modules that include:

- Deposits • Management Information • On-line Delivery • Financial Information • Loans • Management Systems for International Banking • On-line Collections

To learn more about running your institution profitably in our rapidly evolving world, attend our seminar on 20 September at the Butcher's Hall, London.



Hogan Systems (UK) Limited, Hogan House, Church Street, Woking, Surrey GU24 1DL, Telephone: (0482) 27081

LMS on upward trend with record £13m

AS PREDICTED, profits of London Merchant Securities, investment holding company, resumed their firm upward progress in the year to March 31 1984...

Net asset value incorporates a modest increase in the value of the LMS interest in investment property resulting from an independent revaluation of those holdings...

The further specific developments in the North Sea which are contemplated will provide continuity through the decade and Century is also seeking to extend the scope of its operations to offshore 'The Netherlands'.

COMPANY NEWS IN BRIEF

The taxable result for the half year ended June 30, 1984 at Securix was a £61,000 loss against a comparable £66,000 profit, but the directors consider this to be a 'decent' improvement over the second half last year...

shareholders improved by 63.1 per cent, from £315,944 to £515,290. A final dividend of 5p (2.15p) raises the net total by 0.9p to £501,765 (£151,951) and earnings emerged at 4.96p (3.04p)...

Advertisement for Newport IT'S FREE, featuring the headline 'FREEDOM TO DEVELOP YOUR BUSINESS!' and details about business opportunities in Newport.

Argus Press Group, the publishing subsidiary of BET, increased profit before tax by some 55% in the six months to June 30 1984. The result for the period was £8.13m against £1.76m, exceeding the figure of £5.73m for the whole of 1983.

Advertisement for National Savings 28th Issue Certificates Withdrawn, with details of the 28th issue and information on the 29th issue.

Advertisement for Charing X Medical Research Centre, promoting a change in hospital care and offering medical research support.

Advertisement for VIKING RESOURCES INTERNATIONAL N.V., providing information on shareholdings and company details.

NOTICE OF REDEMPTION from The Industrial Bank of Japan Finance Company N.V., detailing the redemption of guaranteed floating rate notes due in 1988.



FINANCIAL TIMES SURVEY

Futures Trading in London

Futures offer a hedge against business risk and expand speculative opportunities in financial markets. London as a trading centre is facing increased competition from the U.S.

The fight for Liffe

By Barry Riley

WHEN Sir Nicholas Goodison, chairman of the London Stock Exchange, turned up on May 3 at Liffe, the London International Financial Futures Exchange, to inaugurate the stock index contract based upon the FT-SE 100 Index, his opening words were drowned in the din of the open outcry market as eager traders rushed to conclude their initial bargains.

For most of the time since then, however, Sir Nicholas would have had no particular difficulty in making himself heard. The "Footsie" contract has been traded only sluggishly. This has not been particularly disappointing to Liffe, which always reckoned that the contract based on the London equity market would take time to establish itself. But the experience does emphasise the highly variable reception given to different kinds of futures contracts in different centres. In Chicago, stock index futures have shown explosive growth.

Traditionally, futures markets in London have developed to serve the clear need for trading

companies to hedge obvious business risks. Suppliers and consumers of commodities like coffee or copper have sought mutual protection against price fluctuations. For many commodities London remains a major centre of such trade-based futures business.

In the past decade or so, however, the London futures markets have come under heavy competitive pressure from the North American markets, notably from New York and Chicago.

Wide clientele

The American futures markets have grown rapidly in the context of a quite different philosophy and range of participants. Instead of trying to balance trade risks, they have sought to set up markets in risk which has been distributed to a wide clientele of outside investors.

There have always been speculators in the London futures exchanges, and they have often served the classic function of oiling the wheels of the markets. But the exchanges have never actively sought outside participation, and in the past have been reluctant to set up an investor protection framework—arguing



Hectic trading in a pit of the London International Financial Futures Exchange

that they were aiming to serve professional traders who ought to be able to look after themselves.

In the 1970s, however, the Chicago juggernaut really began to gain momentum. Its promoters worked from the basis that they were not in business primarily to serve a limited number of commodity-based industries, but that they were keen to trade risks wherever they could be formulated in a marketable package.

This led Chicago naturally in the direction of financial futures at a time when, in the 1970s, there was a tremendous increase in the volatility of many kinds of financial variable including interest rates, exchange rates and stock and bond prices.

Such has been the rate of growth that by last year the

volume of futures business on 11 U.S. exchanges had reached almost 140m contracts, something like 20 times as much business as was transacted in London.

At the same time, the American exchanges have begun to market their services much more aggressively to Europe and the Far East. Improvements in telecommunications have made it much easier for companies and investors around the world to deal with the U.S. In theory, time zone differences give a lot of protection to markets in London—but in Chicago the traders get up extraordinarily early in the morning.

In the circumstances, London had to develop a comparable range of products—so that it could compete with Chicago or at least coexist with it. The alternative might well have

been to become swamped. At any rate, the past few years have seen a string of innovations, including new futures contracts in London in commodities ranging from aluminium, gold and gasoil to potatoes and pigment.

Major development

The major development of course, has been Liffe itself, now approaching its second birthday. In the June quarter it was averaging something like 11,000 contracts a day, a figure which has been growing at around 20 per cent each quarter.

The trends are promising, although it is too soon to declare Liffe a resounding success. The various interest rate contracts and the long gilt contract have been popular, but the currency contracts have failed to make any impact in the face

of the relatively huge and liquid forward market operated by the banks.

It is proving a very slow business to entice institutional investors like pension funds and insurance companies into the "Footsie" stock index contract. Tax inhibitions have been largely cleared away, but trust deed problems often remain, and in any case many fund managers still have to be convinced that the risks of long-term investment can effectively be hedged on a short-term futures market.

Worldwide competition in futures markets is by no means confined, however, to the struggle between the UK and the U.S. There are various participants, actual and potential.

Activity is quite widespread. There are active markets in Japan, though so far with a

Trading volumes

LCE/GAFTA/LGFM	July '84	July '83	Jan. July '84	Jan. July '83
Cocoa	94,380	114,559	884,461	770,120
NZ wool	5,366	1,683	19,747	11,877
Robusta	94,416	52,957	612,684	500,517
Gasoil	41,674	34,792	275,992	372,129
Sugar \$	72,345	5,823	347,039	10,689
White sugar	3,406	4,449	14,260	4,449
Rubber 15T	242	2,740	8,591	45,035
Rubber 5T	222	109	1,273	548
Potatoes	28,740	26,724	142,440	123,421
Pigment	1,635		13,183	
Soya meal No 4 (20T)	2,108		2,891	
Soya meal (100T)	1,569	2,394	13,260	18,984
Gold	9,252	12,507	70,846	121,442
Totals	315,297	259,737	2,405,876	1,979,202
LIFFE FT Index	10,389		28,875	
3 Mth \$ (3m)	43,754	15,599	181,932	120,116
3 Mth £ (3m)	2,056		4,731	
20 year gilt	74,283	54,665	470,637	242,094
Deutschemark	1,087		18,798	16,083
Eurodollar	93,680	46,177	617,794	236,207
T. bond	18,994		27,496	
Sterling currency	25,076	8,154	78,871	82,681
Swiss franc	136		488	9,541
Yen	246		7,120	14,447
Totals	270,151	126,618	1,456,856	731,777

Source: International Commodities Clearing House

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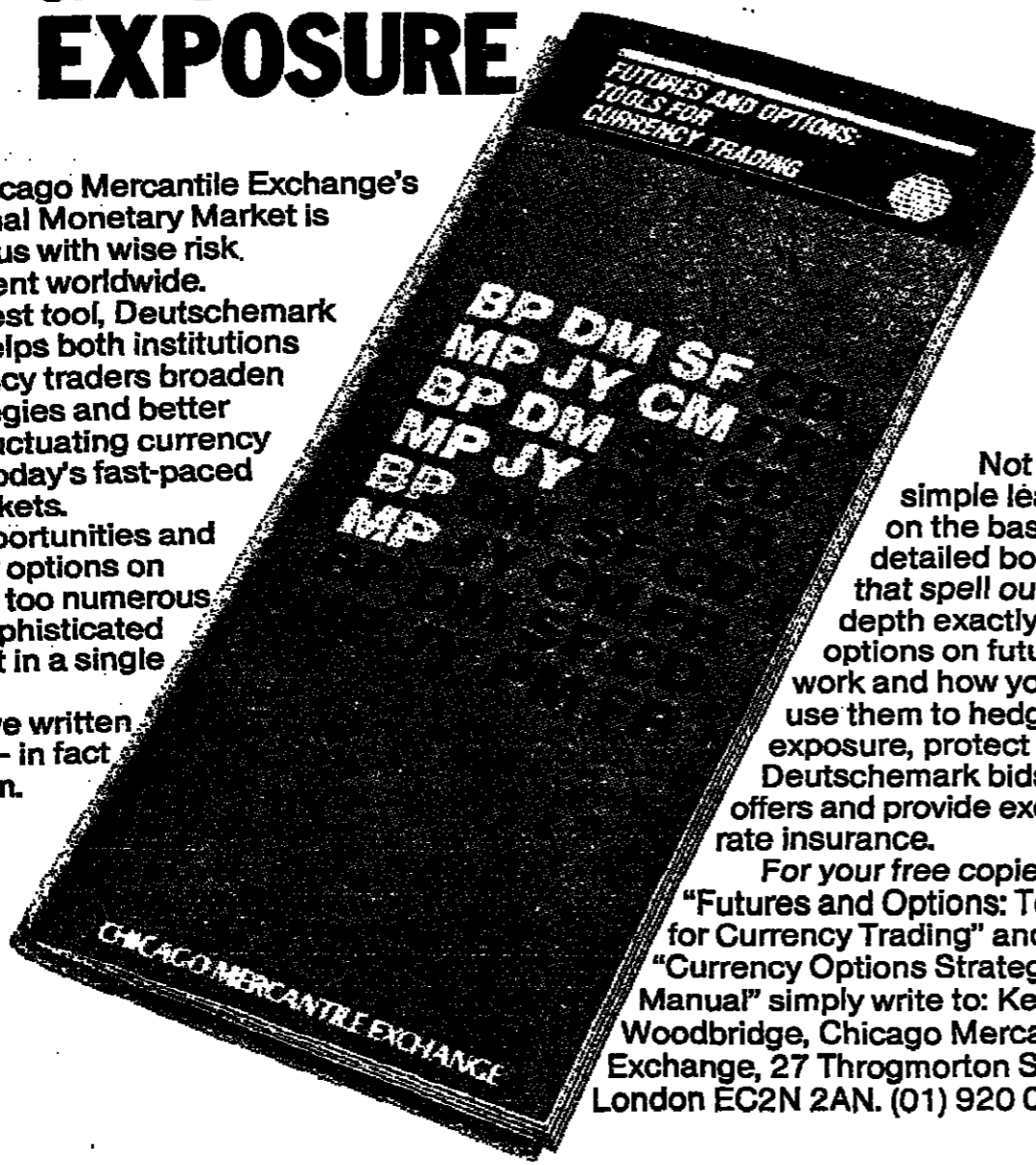
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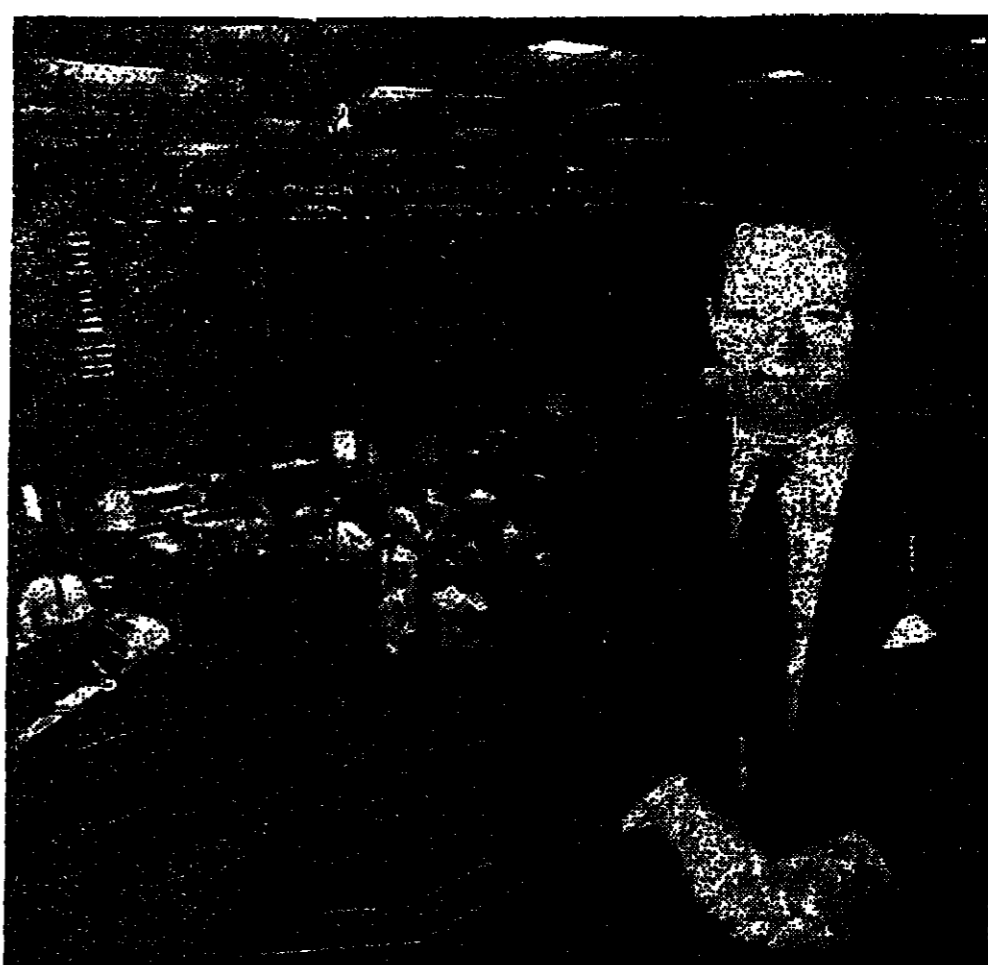
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Liffe celebrates its second birth later this month. Maggie Urry reports on its progress

Profitability on the horizon

THE London International Financial Futures Exchange celebrates its second birthday at the end of this month. Its first year was largely spent in settling in the original seven contracts and doing the pioneering work to attract potential users...

Trading totals have been boosted by the arrival of two extra contracts in May and June this year. But the growth is still coming from the existing contracts...



Mr John Barkshire, originator and chairman of LIFFE, pictured above one of the pits on the trading floor

The meaning of LIFFE...

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Such contracts have proved very popular in the U.S. but as yet the most likely users, the big UK investing institutions like pension funds, have been slow to get involved.

Many funds managers must persuade their trustees to change the funds' trust deeds before they are legally allowed to deal in futures contracts.

In fact, pension funds could have used the FT-SE contract very successfully if they had sold it on the day it opened.

The other new contract, based on a U.S. Treasury bond, was LIFFE's first "unnatural" contract.

Development in the securities market should help LIFFE. Already the substantial growth in ownership of, and market-making in, U.S. Government securities...

Continental Europe appears to have given London a more or less clear run apart from the activity of the European Options Exchange in Amsterdam.

Developments in the securities market should help LIFFE. Already the substantial growth in ownership of, and market-making in, U.S. Government securities...

Development in the securities market should help LIFFE. Already the substantial growth in ownership of, and market-making in, U.S. Government securities...

options, something the banks are hoping for. The changes in the contracts LIFFE trades has meant that the trading floor at the Royal Exchange has already been rearranged twice...

Increased volume

There are some fears that if the contract opened now it might take liquidity away from the long gilt pit...

Whether a more favourable tax regime would encourage private investors into a market essentially designed for professionals is another question.

The most probable solution will be to introduce currency

Fight for Liffe

CONTINUED FROM PREVIOUS PAGE

Continental Europe appears to have given London a more or less clear run apart from the activity of the European Options Exchange in Amsterdam.

Developments in the securities market should help LIFFE. Already the substantial growth in ownership of, and market-making in, U.S. Government securities...

Over the next two or three years, moreover, the structures of both the gilt-edged market and the equity market are likely to be changed radically...

In conditions of increasing international competition, the priority for the London futures market is to increase their liquidity and therefore their appeal to the big users...

A series of commodity investment scandals in recent years has only gradually forced a change in the attitude of the futures market professionals to outside investors.

This called for self-regulating agencies to supervise practices in various markets, and the futures markets have now responded with a proposal to set up the Association of Futures Brokers and Dealers.

There are still many questions marks over the ability of the various futures exchanges—which hitherto have remained jealously separate—to sink their differences, and set out to attract investors...

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Vertical text on the right edge of the page, including '1000', 'Goo', and 'MUIF Specialist Financial'



## Futures Trading in London 3

1—Baltic Exchange, 14 St Mary Axe, EC3—houses futures markets for BEC grain (barley and wheat); pigment, potatoes and soyabean meal.

All these are run by the Grain and Feed Trade Association (GAFTA) nearby at 28 St Mary Axe. A separate Meat Futures Exchange has been formed to run the pigmeat contract, launched earlier this year, and planned new contracts for beef sides.

Contracts for egg futures and other agricultural products are also being studied. The Baltic Exchange in conjunction with the London Commodity Exchange plan to launch a freight futures contract soon, probably early next year.

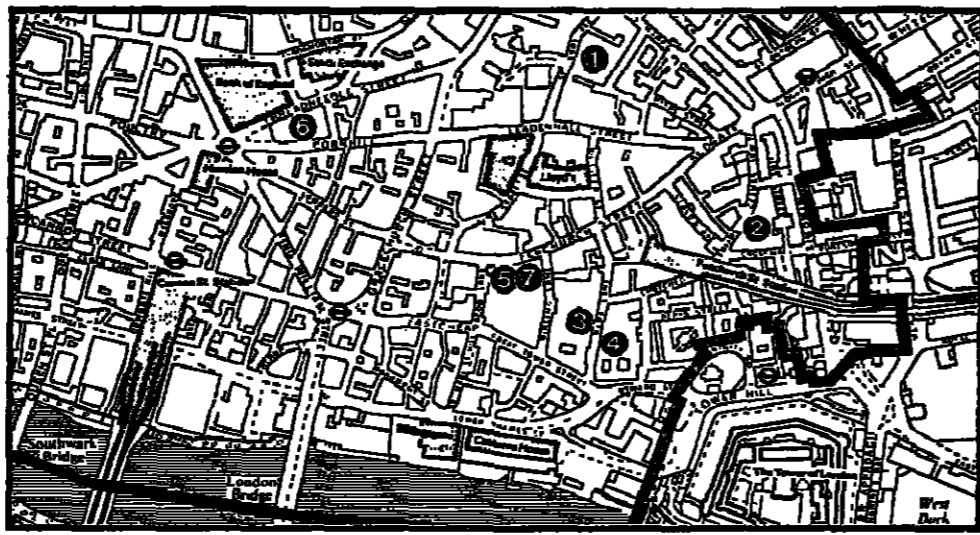
2—International Commodities Clearing House (ICCH), 7-2 Coutham Friars, EC3. The ICCH, now owned by a consortium of UK clearing banks and Standard & Chartered Bank, provides "clearing" facilities for all the London futures markets, with the exception of grain futures (barley and wheat) which has its own in-house settlement system and the London Metal Exchange, which has no clearing system.

The ICCH do, however, help operate the Metal Exchange's monitoring system. Formed in 1988 as the London Produce Clearing House, the ICCH also now has associated companies serving futures exchanges in Hong Kong, Kuala Lumpur, Paris and Sydney.

3—International Petroleum Exchange (IPE), Dunster House, Mark Lane, EC3. IPE was established in 1981 with the launch of London's first energy futures contract, gas oil futures.

Originally sited in Cereal House as part of the Commodity Exchange, the IPE moved to new premises in Dunster House, where there are three separate trading "rings". One is for gas oil futures, which is being replaced next year with a new FOB (free on board) contract replacing the existing in-tank bearer warrants system.

The other two "rings" are intended for new contracts. A crude oil futures market was launched last year, but failed to receive sufficient support and trading has been suspended



## Guide to the exchanges

while the terms of a new contract are being studied.

It overcomes delivery problems, which undermined the original crude oil contract, it is proposed to introduce the alternative of a cash settlement if this can be arranged under existing UK legislation. Contracts for gasoline and other oil products are being studied too.

4—London Commodity Exchange (LCE), Cereal House, 53 Mark Lane, EC3, the main centre for "soft" (non-metal) futures markets. It is the umbrella organisation for the individual terminal markets associations for cocoa, coffee, natural rubber, sugar and New Zealand wool, as well as the IPE across the road. The LCE is expected to move to new premises, probably at St Katharine Docks, when its existing lease at Cereal House runs out in 1986.

5—London Gold Futures Market (LGF), Plantation House, Fenchurch Street, EC3. Opened in 1982, the LGFM is jointly owned by members of the London Gold Market, representing the bullion brokers, and the London Metal Exchange. Originally launched with a sterling based contract, it switched to dollars in 1983 but turnover remains disappointingly low.

6—London International Financial Futures Exchange (LIFFE), The Royal Exchange, Cornhill, EC2. Opened in 1982, LIFFE—promoted life—now has nine separate contracts,

including the two launched this year (FT-SE 100 Index and U.S. Treasury Bonds).

The biggest contracts are 3-months Euro-dollar, 20 year notional gilts and 3-month sterling deposit. Turnover on the foreign currency contracts (Deutsche Mark, Swiss Francs and Japanese Yen) remain disappointingly low.

LIFFE is different from the other London futures markets in that it follows the style of the Chicago exchanges, using a pit trading system and encouraging individual "local" traders. It is considered to have the most promising futures, but faces strong competition from the well-established, much larger, U.S. markets.

7—London Metal Exchange (LME), Plantation House, Fenchurch Street, EC3. LME has markets for seven different metals—aluminium, copper, lead, nickel, silver, tin and zinc. They trade individually in the same "ring" for five-minute bursts during separate morning and afternoon sessions. Prices at the end of the morning session are known as the official quotations and are used as the pricing basis to supply contracts throughout the world.

Dealings in the afternoon coincide with the opening of trading in the New York (Comex) metal futures markets. All metals are traded simultaneously in the "kerb" sessions following the close of the morning and afternoon "individual rings."

The LME is unique as a futures market in that it has no central "clearing" system and only quotes prices up to three months ahead. All business is transacted through the "ring dealing" member companies, who are principals to any contracts concluded.

The LME is also an important centre for physical trading in metals and has a string of warehouse facilities throughout the UK and Continental Europe.

The aluminium futures contract introduced in 1978, in the teeth of strong opposition from leading producers, has proved a great success and is now second only in volume to copper—traditionally the LME's most important contract.

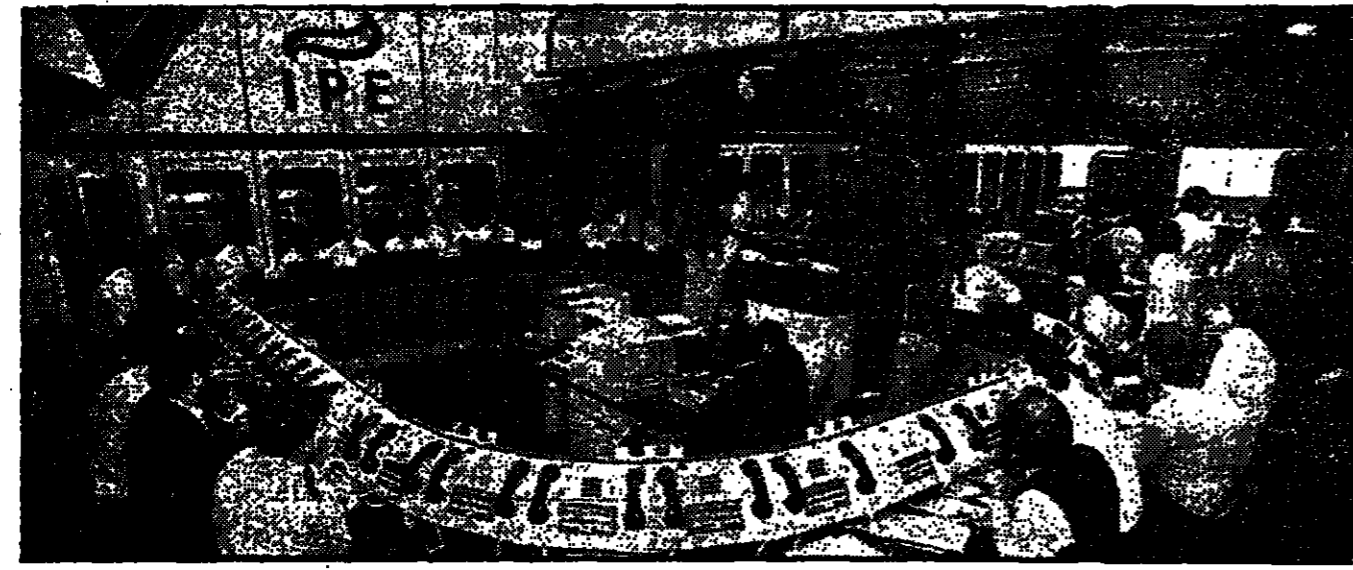
Nickel futures, launched in 1979, is also building up support. The LME silver futures contract, introduced in 1988, has lost ground in recent years with turnover falling.



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## Readiness to change becomes the most vital commodity

THE London Commodity Exchange faces one of the most crucial periods in its history. It is not over-optimistic to say that the very survival of the London commodity futures market hangs in the balance at present.

If the present trend continues it is feared that London will be swamped by overwhelming competition from the U.S. and be reduced to a humble subsidiary role in a few years from now.

Already more and more commodity futures business, especially from Western Europe, is being channelled to the U.S. while several markets in London are having to struggle hard to justify their existence.

The alarm bells really began ringing in London when firms over-reliant on the sugar futures market—traditionally the bastion of the London Commodity Exchange—fell sharply compared with New York and Paris during the changeover from a sterling-to-dollar-based contract.

Further blows were the failure of the initial attempt to launch a crude oil futures contract in London and the slowing in the expansion of the gas oil market at a time when the New York counterparts were forging ahead.

Adding to the gloom has been the very depressing performance of natural rubber futures, where turnover has dropped to a very low ebb, and the forced transfer of the soyabean-meal futures contract to the Baltic Exchange following a disappointing decline in trading activity.

The wool futures contract is only staying alive on business generated in New Zealand, rather than London. Turnover on cocoa and coffee has been buoyant but this is mainly the result of the present excitement in both these markets and is unlikely to be sustained during quieter times.

London commodity traders claim that the present UK taxation system, where investors face paying the highest rate of income tax on any profits made in futures trading, is totally unfair and makes it difficult to build up the kind of speculative liquidity so vitally needed to provide a viable hedging medium for the trade.

Commodity trading does, after all, provide a valuable source of "invisible earnings" to Britain and a fairer tax system would probably result in the inland revenue collecting more tax rather than less.

This is something of a red herring, since UK taxes do not affect speculators from the Continent and elsewhere in the world using the London market. Nevertheless, it is an unsatisfactory situation and there seems no reason why futures speculation should not

be treated in the same way as profits made on share dealings or mislaiding practices resulting in losses to the investor.

Although the formation of the AFED will be a giant step forward it will not solve the fundamental dilemma facing members of the London Commodity Exchange. If they want to attract the additional speculative business, considered vital for the survival of the markets, then the trade users will have to accept changes in the basic structure of the market, which is also likely to bring conflicting interests among themselves.

The most radical approach is to switch from the traditional London system towards the U.S. style. This would involve open-

**The London Commodity Exchange is struggling to justify its existence as more and more business is being syphoned off by U.S. competitors. John Edwards reports on the problems it faces if it is to survive.**

preparing to take themselves to put their own house in order. There could not be a more opportune time. The issue at the existing premises at Cereal House (the Corn Exchange), Mark Lane, in the City runs out in 1986 and decisions have to be taken very shortly about the format of the new premises—almost certainly now to be at the St Katharine Docks development near Tower Hill. The move provides an ideal opportunity for changes in the basic structure of the Exchange to be considered.

London has always been proud that its markets have been designed by the trade, for the trade. However, it now faces the dilemma that the major expansion in turnover boosting liquidity, and making the U.S. markets more attractive for the trade, is coming from the investment/speculative side of the business. So the London exchanges will have to change their fundamental approach to attract more speculative business or face a continued decline in trading activity and importance.

The first step, which has already been taken, is to seek greater protection for private investors using the futures markets. Prodded by Professor Gower's report on investor protection, and by the Bank of England, the London Commodity Exchange took the initiative in persuading other futures exchanges to co-operate in forming the planned Association of Futures Brokers and Dealers (AFBD).

Once the AFBD is established it should go a long way towards improving the bad reputation of futures trading, which has been marred in recent years by a

series of either plain swindles or misleading practices resulting in losses to the investor. The attempt to create a pool of "locals" on Life has been unsuccessful so far, and that the London Metal Exchange has countered competition from the Comex market in New York by sticking to the traditional trading structure and refusing, for example, to bow to commission house pressure for a clearing house system.

Nevertheless, the London sugar terminal market, historically one of the more conservative associations, has agreed proposals to lift present restrictions on membership, create extra seats, and adopt a more public aggressive promotion policy. It is also looking at the idea of pit trading and the potential for leasing seats that are not being utilised by the owners.

Getting all the markets under one roof, however, could be a considerable problem. One of the strengths of the U.S. system is that floor traders, particularly "locals", can move from market to market generating extra business and liquidity.

## What these men don't know about successful financial futures trading isn't worth knowing.



Bob Smeaton  
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Ted Hogg  
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Futures Trading in London 5

Alex Nicoll looks at the influence new technology is having on the futures market

Good massage after the hot bath



New technology in action at the London Sugar Market

"MASSAGE" is now the key word in the technology of futures trading as well as of other financial markets. It means that the first phase of the revolution which has swept the markets is over. The reliable flow of real-time prices and up-to-the-minute news can be taken almost for granted. What matters now is moulding the flow of data to meet the specific needs of traders rather than bombarding them with a blast of information that they don't need or can't sift quickly.

Beyond the increasing sophistication of information services to the markets, technology is making the existing futures pits more efficient and may even automate trading itself. This latest development is likely to be viewed with strong suspicion by adherents of traditional "open outcry" markets. In most of London's trading pits—some have entered the new age more readily than others—technology has two basic functions: it permits a speedy clearing mechanism, supplied by the International Commodities Clearing House to all exchanges except the London Metal Exchange; and it enables the rapid dissemination of prices from each pit around the world, and the rapid receipt on the floor and in traders' offices, of prices from other markets and market-moving information.

Intense competition between quote vendors—offering a range of data on screens—has made real-time prices easily accessible to all. Later comers such as Unicom and Telerate are challenging the dominance of Reuters, Unicom, now wholly-owned by Knight-Ridder of the U.S. through Commodity News

Services, concentrates on the commodity markets. The fast-growing Telerate, owned 53 per cent by Exco International of the UK, has yet to make an all-out attack on commodities, though it has already made deep inroads into financial markets. There are other vendors. Even exchanges themselves are getting in on the act. Commodity Market Services, a subsidiary of the London Commodity Exchange, is having success with its competitively priced Manifest terminals.

In view of the hot competition, vendors are having to think increasingly of what exactly a trader needs to see on his screen at any one time and to meet those needs cheaply. Price data

The Reuters Monitor commodity service offers a range of ways to programme individual pages so that, at the touch of a button, they will show last trade or other price data of the customer's choosing. The screen can also be split to show several lines of chosen prices, the latest news alert, and a central segment selected by the customer from the extensive Reuters base of news, market prices and data contributed by other subscribers.

Reuters has also been making increasing use of so-called multi-contributor pages which enable the subscriber to see, for example, comparative prices quoted by different companies for the same commodity, or comparative prices for a range of commodities or currencies based on the latest price for each put into the system by any contributor. Other Reuters enhancements

include a weather service and a lower-cost terminal for real-time prices in soft commodities and grains.

Unicom, through its Uniquote service, offers self-programmable pages in which the customer has complete freedom to pick the price or other information that he wishes to see and the format in which he can see it. The new v/r is graphics, however. This is perhaps the best example of "massage" because the services being planned or offered translate the existing flow of raw price data into graphs showing price movements. Accompanying software packages then enable the trader to perform technical chart analysis.

Hitherto ADP Contrend of the U.S. has produced the most advanced graphics services. Databstream, UK subsidiary of Dun and Bradstreet of the U.S., also offers graphics products. But competition is about to become keener with the introduction by Unicom of the Delta trading system, which offers a comprehensive technical analysis package in both spreadsheet and graphics form. Reuters has introduced a less advanced but much cheaper graphics product in its financial services and it plans soon to extend this to commodities.

As well as making the traders' tools more advanced, technology can be used to streamline the pits themselves. Critics say and devout supporters fervently deny—that trading in crowded pits is inefficient and leads to errors. The London International Financial Futures Exchange (Liffe) plans to install microcomputers in the booths surrounding the pits, where

brokers currently have limited price data on screens and telephones relaying customers' orders to them.

Under the Liffe plan, much of the order transmission and paperwork would be transferred to the traders' back offices. Each order would not need to be entered on a new piece of paper at each stage, thus reducing the chances of error.

In the longer run, Mr Gerry Rodgers, deputy chief executive of Liffe, has dreams of doing away completely with booths and even with the media which now take up so much space in the middle of trading pits.

Every trader would be connected to his back office, or to whomsoever he wants, by a radio—effectively a small cordless telephone. The exchange staff would relay price and transaction data in the same way.

Such ambitious use of new equipment would keep trading in pits but reduce the market

to its simplest form of a group of people meeting to do business. Other uses could do away with pits entirely.

Already both Liffe and the London Commodity Exchange are thinking of ways to improve trading out of market hours—"kerb trading." Quote vendors are sharpening their services in, for example, metals trading outside London Metal Exchange hours.

Open outcry

Liffe is thinking of automating some less active contracts, allowing them to be traded on screens under exchange auspices but without going through the pit.

Mr Michael Jenkins, the chief executive, believes open outcry to be the most efficient means of trading an active contract, but he is less convinced that this is so when the pits are all but empty.

Taking the argument even further is Inter, an automated futures exchange run from New York but based on a computer in Bermuda. Its opening, with a 100 oz gold contract to be followed by several others, is now said to be imminent after several years of development setbacks.

Inter will match, buy and sell orders inserted by subscribers into terminals in their own offices. Some 60 members are already hooked up in New York, Chicago and London, and futures market participants worldwide will be waiting to see if it takes off.

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Editor Christian Henshaw

Good progress in providing self-regulatory body

INVESTOR protection has been a low priority on the London futures markets until now. However, all this is due to change soon, with the proposed establishment of the Association of Futures Brokers and Dealers (AFBD), a self-regulatory organisation being set up by all the exchanges.

It could change the whole image of the industry and provide the platform for fighting U.S. competition.

Futures trading is by its nature a high-risk business, since it is based on putting up only margins which multiplies the potential losses as well as the potential rewards.

The air of mystique surrounding the markets makes it easy for unscrupulous operators to confuse and fleece unwary investors, especially the small speculator who is most vulnerable. Over the years, the reputation of the London markets has suffered from a series of either outright swindle or constant stories about companies and investors losing heavily.

A jungle

Futures traders claim that the media report only the bad news, and not the good. However, the fact is that there is no smoke without fire and there is a plentiful flow of "bad" news available to the public. An Old Bailey judge described the commodity markets as a "jungle where the small investor is the media prey".

Professor Gower in his reports on investor protection in the City was appalled by the lack of controls over whom could set up as commodity broker and the general absence of any regulations governing "fringe" operators. A footnote in the second



Professor Gower acknowledged in his second report that the London futures industry had got together and made considerable progress in forming its own self-regulatory body

Gower report commented that there were 50 commodity companies, currently under investigation by the Fraud Squad. Although most of these companies have very little connection with the futures exchanges, mud sticks and in the past the exchanges have done little or nothing to defend their name. There are still traders, who see no reason why they should bother to provide protection for small private investors, motivated by greed, who should not really be in the markets so any event.

However, this view is very much a minority attitude now. It is acknowledged that if the markets are to flourish they must attract more investment business and in order to do so they must provide better protection.

So, as Professor Gower acknowledged in his second report, the London futures

year, commodity brokers who are not members of a recognised exchange face prosecution under the Banking Act if they take deposits. This has not been properly tested in the courts yet, but the AFBD hopes membership will become virtually compulsory.

As a concession to the companies who have no private clients and resent having to provide funds for their protection, there will be different categories of membership. The requirements from each individual member will depend partly on how much client business is involved. Some purely trade companies will be much less involved, while other companies with a lot of private clients will be subject to close surveillance.

In response to the second Gower report, the AFBD recommended several changes in legislation to strengthen its hand. One was the ability to appoint a "receiver" to manage client funds (similar to the official assignee of the Stock Exchange) if a member company gets into trouble. Another was for proper segregation of accounts instead of the present system where clients funds are utilised to meet the demands of all creditors.

It is appreciated that it may be some time before the Government gets round to introducing new legislation. However, the need for better regulation of the futures markets is more immediate.

Drastic measures

Recognising that establishing an effective self-regulatory organisation may preclude more drastic measures, the AFBD is hoping to apply for incorporation by October and take the first step of appointing a Council, made up of representatives from all the member exchanges.

Ten years or so ago London traders were chafing with gloom in anticipation of business being driven across the Atlantic following the creation of the CFTC in the U.S. In fact, exactly the opposite has happened. A lot of business has been going to the U.S. markets, especially from Switzerland, simply because of the regulations there.

Private investors, particularly large financial institutions and those used to regulated stock markets, prefer the formal rules governing trading on the U.S. futures exchanges. It has become quite a selling point. London will, therefore, be in a more powerful position to appeal to investors if it can show the markets are properly regulated.

The establishment of the AFBD could be a powerful instrument in promoting the markets, if it is given scope to operate effectively.

John Edwards

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